Monthly Monetary Report

December 2013

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Contents

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The closing date for statistics in this report was December 11, 2013. All figures are provisional and subject to review.

1. Summary[1]

• In December, the private M3 monetary aggregate went up 4.1% and thus ended the year with an increase of 27.9% year-on-year (y.o.y.). Loans in pesos to the private sector were the main driver behind this growth, fostered by the public policies devoted to promote financing for productive purposes. The non-financial public sector transactions also contributed to the increase, but to a lesser extent. In turn, the sale of foreign currency by the Central Bank had a contractionary monetary effect.

• Among private M3 components, December's growth was mainly explained by means of payment (private M2), which went up 6.2% (and 24.8% y.o.y.). This performance was boosted by the influence of seasonal factors such as the payment of the semi-annual complementary wage, the increase in household spending due to the Christmas period and the beginning of summer vacations, all of which led to a higher demand for transactional money and a moderation in time deposits. In this respect, even though these deposits went down 0.6% in December, they posted a 35.3% y.o.y. hike.

• In December, bank liquidity (measured as the sum of cash in banks, current accounts of institutions with the Central Bank, net repos with the Central Bank and LEBAC and NOBAC holdings with respect to total deposits in pesos) contracted as may be expected in this month of the year and stood at 31%, down 0.9 p.p. against November. As regards its composition, there was a reduction in surplus liquidity (net repos with the Central Bank and LEBAC and NOBAC holdings) which was partially offset by the increase of cash in banks and current accounts of the institutions with the Central Bank, as it is typical in December each year.

• In December, loans in pesos to the private sector exhibited the highest growth of 2013 with a monthly increase of 3.3% ($14.76 billion), while the y.o.y. growth rate stood at around 35%. As it has been previously mentioned, the public policies developed to encourage financing for productive purposes boosted the momentum of loans in pesos to the private sector.

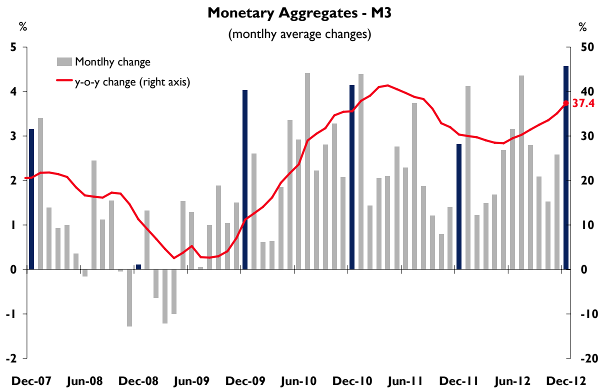
• The third stage of the "Credit Line for Productive Investment (LCIP)" came to an end in December and financial institutions would have met the target defined for the second half of 2013 ($20 billion). In turn, a new auction within the framework of the Bicentennial Productive Financing Program (PFPB) was held in December for $150 million. Therefore, total funds awarded since the launching of the PFPB amount to $7.78 billion, out of which $5.86 billion have been disbursed so far.

• For the first half of 2014, the Central Bank defined a new quota for the LCIP, devoted to finance micro, small and medium size companies (MiPyMEs). In the fourth stage of its implementation, the financial institutions subject to the regulation are required to grant at least 5% of their deposits in pesos to the private sector by the end of November 2013. Unlike previous stages, on this occasion, the entire quota must be provided to MiPyMEs for a minimum term of 36 months and with a maximum interest rate of 17.5% for such period. Nevertheless, when mortgage loans are provided for the purchase, construction or remodeling of housing units for a minimum term of 10 years, and/or funds are provided to clients not falling under the definition of MiPyME for investment projects devoted to specific purposes, the institutions may assign such amounts to the quota up to a maximum equivalent to 50%.

• In December, the Central Bank started to offer LEBACs in pesos which can be settled at the benchmark exchange rate between the Argentine peso and the US dollar. These instruments can only be underwritten by exporters of the grain and oilseed sectors registered with the Single Registry of Agrifood Chain Operators and the Registry of Exporters and Importers and that have settled transactions through the Free and Single Foreign Exchange Market (MULC), on the day when the instrument in foreign currency is underwritten for up to the equivalent in dollars of the amount to be underwritten. The instruments will be underwritten in pesos for a 180-day maturity term and at a pre-determined cut-off rate of 3.65%. During the month, there were issues of this type of LEBACs for a nominal value of $1.62 billion.

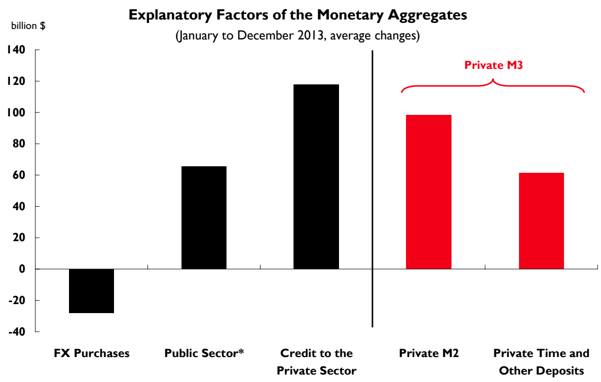
[1] Unless otherwise stated, figures to which reference is made are monthly averages of daily data.

Chart 2.1



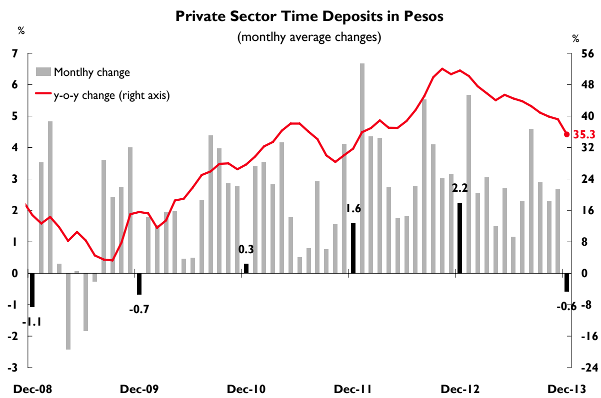
Note: M3 includes cash held by public, settlement checks in pesos and the total amount of deposits in pesos. Source: BCRA.

Chart 2.2



*Includes loans, time and other deposits, and public sector operations with effect on the monetary base.
Source: BCRA

Chart 2.3



2. Monetary Aggregates[1]

In December, the broadest monetary aggregate in pesos (M3[2]) recorded a 2.9% monthly expansion, thus accumulating a 26.3% increase in 2013 (see Chart 2.1).

In turn, the broadest private monetary aggregate (private M3[3]) posted a 27.9% increase during 2013; loans in pesos to the private sector were the main driving force behind this growth, particularly fostered by the public policies intended to promote financing for productive purposes (see Chart 2.2). The transactions of the non-financial public sector have also contributed to this growth though to a lesser extent. Meanwhile, the sale of foreign currency by the Central Bank had a contractionary monetary effect. In specific terms, private M3 exhibited a 4.1% growth in December, resulting from loans to the private sector and the transactions of the public sector.

Among private M3 components, December's growth was mainly explained by means of payment (private M2), which went up 6.2% (and 24.8% y.o.y.). This performance was boosted by the influence of seasonal factors such as the payment of the semi-annual complementary wage, the increase in household spending due to the Christmas period and the beginning of summer vacations, all of which led to a higher demand for transactional money and a moderation in time deposits. In this respect, even though these deposits went down 0.6% in December, they posted a 35.3% y.o.y. hike (see Chart 2.3).

The monthly average stock of deposits in foreign cur rency exhibited a slight expansion in December, with rises in both the deposits from the private sector and the public sector.

As a result, the broadest monetary aggregate, M3*, went up 3.2% in December, and accumulated a 25.8% y.o.y. change rate.

As regards primary money creation, the average stock of the monetary base went up 6.9% in December, with a y.o.y. change rate of 23.8% (down 0.6 p.p. against November). As it usually occurs at this time of the year, the cash held by the public was the component that grew the most (24% y.o.y.), while bank reserves (consisting in the cash held in financial institutions and the stock of cur-

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

rent accounts of the institutions with the Central Bank) expanded 23% y.o.y.

According to the provisions of Article 42 of the Central Bank of Argentina's Charter, by the end of 2013 the BCRA released its targets and programs for the development of the monetary, financial, credit and foreign exchange policies for 2014[4].

On the foreign exchange policy front, the Central Bank will continue intervening in the exchange market under the foreign exchange managed float regime with a view to limiting an excessive exchange volatility that might be harmful for the economy in monetary, financial or economic activity terms. The purpose is to preserve the flexibility required to lessen the different shocks that might impact adversely on the economy.

Through its credit policy, the Central Bank will contribute to foster the investment process, strengthen the domestic market and encourage foreign trade. The credit/GDP ratio will be increased with a view to simultaneously improving the share of long-term financing for productive purposes, especially focused on micro, small and medium-sized enterprises and the regional economies.

With respect to financial stability, the prudential regulations in force will be perfected with the incorporation of the international standards agreed upon at the G20 and the control of their fulfillment by means of an adequate supervision of the financial entities. The purpose is to consolidate a secure and efficient national payment system and also that the financial system may effectively channel the savings of depositors and provide financing for productive purposes.

There will be incentives to mitigate one of the main limitations of the domestic financial system in our history: the low level of use of banking services in both geographical and socioeconomic terms. To this effect, the objective is to promote universal access to financial services, an increasing competition within the sector and a better protection of the rights of financial services' users.

Lastly, regarding monetary policy, the Central Bank will manage liquidity according to the needs of a normal economic performance. To this effect, the monetary authority will resort to the regulatory monetary instruments available, such as transactions with Bills and

[4] http://www.bcra.gov.ar/pdfs/polmon/ObjetivosBCRA_2014.pdf

Chart 3.1

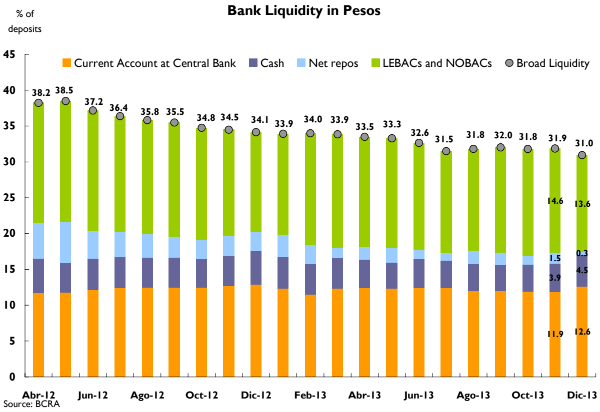


Chart 3.2

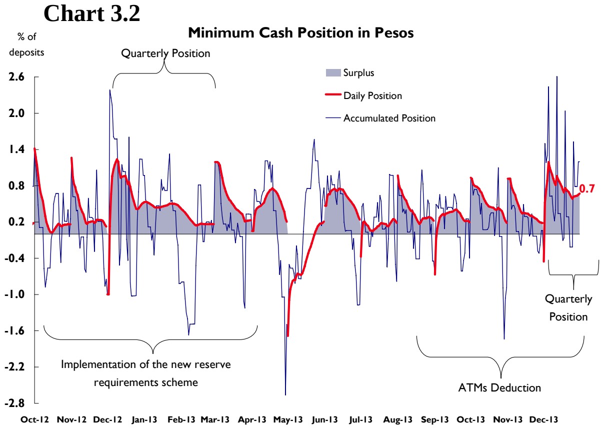
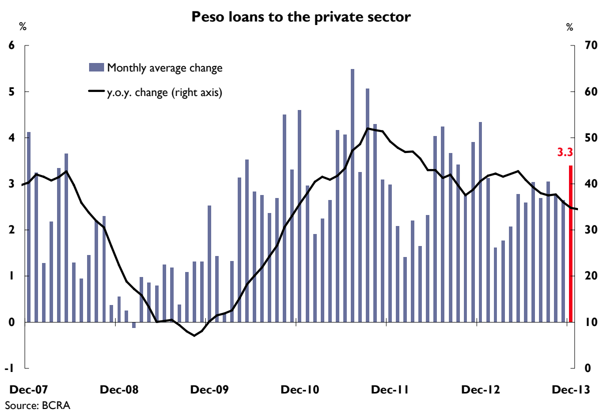


Chart 4.1



Notes, repo transactions and/or modification of the minimum reserve requirement.

3. Bank Liquidity[1]

In December, bank liquidity (measured as the sum of cash in banks, current accounts of institutions at the Central Bank, net repos with the Central Bank and LEBAC and NOBAC holdings with respect to total deposits in pesos) contracted as may be expected in this month of the year and stood at 31%, down 0.9 p.p. against November and down 3 p.p. against the value recorded one year ago. Nevertheless, it is still standing at high levels (see Chart 3.1). As regards its composition, there was a reduction in extra liquidity (net repos with the Central Bank and LEBAC and NOBAC holdings) which was partially offset by the increase of cash in banks and current accounts of the institutions with the Central Bank, as it is typical in December each year. It is worth stating that between December and February, financial institutions may comply with the minimum reserve requirement considering quarterly averages so as to facilitate their liquid assets' management in a period of high demand for transactional money. Consequently, as a result of the rise of the stock in current account with the Central bank in terms of deposits, by the end of 2013 financial institutions accumulated a surplus in the Minimum Cash Position (equivalent to approximately 0.7% of deposits in pesos) that may be reduced in January and February 2014 (see Chart 3.2).

As for the foreign currency segment, bank liquidity stood at 129% of deposits in dollars, up 7.1 p.p. against November.

4. Loans [1] [5] [6]

In December, loans in pesos to the private sector showed the highest growth of the year (3.3% in monthly terms; $14.76 billion). The y.o.y. change rate continued standing at high levels though tending to moderate slightly (35%; see Chart 4.1).

The public policies aimed at encouraging financing for productive purposes underpinned the loans in pesos to the private sector. Specially, a new auction within the framework of the Bicentennial Productive Financing Program (PFPB) was held in December for $150 million. Therefore, total funds awarded since the launching

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[5] Monthly changes of loans are adjusted for accounting movements, which are fundamentally due to transfers of loans in financial institutions' portfolios to financial trusts.

[6] 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

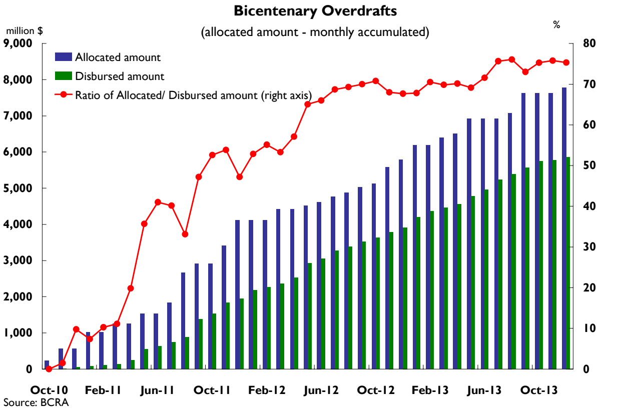


Chart 4.3

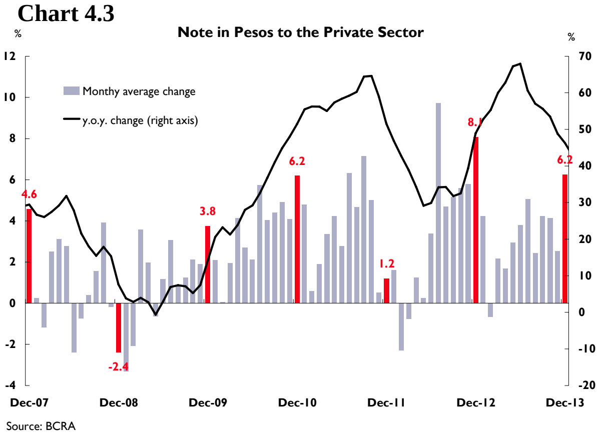
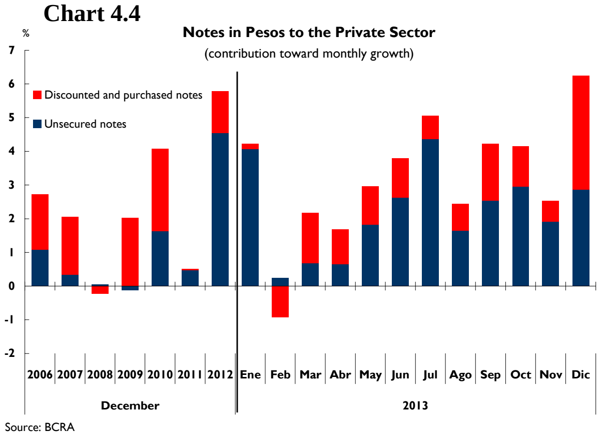


Chart 4.4



of the PFPB amount to $7.78 billion, out of which $5.86 billion have been disbursed so far (see Chart 4.2). On the other hand, the third stage of the "Credit Line for Productive Investment (LCIP)" came to an end in December and financial institutions would have met the target defined for the second half of 2013 ($20 billion).

Due to the positive results of this lending policy devoted to the productive sector, the Central Bank defined a new quota for the LCIP, aimed at financing micro, small and medium size companies (MiPyMEs). In this fourth stage of its implementation –during the first half of 2014–, the financial institutions subject to the regulation are required to grant at least 5% of their deposits in pesos to the private sector by the end of November 2013. Unlike previous stages, on this occasion, the entire quota must be provided to MiPyMEs for a minimum term of 36 months and with a maximum interest rate of 17.5% for such period. Nevertheless, when mortgage loans are provided for the purchase, construction or remodeling of housing units for a minimum term of 10 years, and/or funds are provided to clients not falling under the definition of MiPyME for investment projects devoted to specific purposes[7] the institutions may assign such amounts to the quota up to a maximum equivalent to 50%. For the latter category of clients –non-MiPyME companies–, the interest rate will be freely agreed upon between both parties (see Communication "A"5516).

Within the different credit lines, the growth of financing arranged through promissory notes stood out and recorded a 6.2% increase ($6.54 billion) in December and a 46.3% rise so far in 2013 (see Chart 4.3). The monthly expansion pace of promissory notes accelerated strongly within a context of more liquidity demand by companies to pay the semi-annual complementary wage and other bonuses. Consequently, financing arranged through discounted and purchased documents, which are agreed up for the short-term, exhibited a remarkable momentum (see Chart 4.4). On the other hand, due to the end of the third stage of the LCIP, more funds were granted through unsecured promissory notes. As it occurred by the end of the two previous stages, the number of new loans granted through this type of document, with a longer term, went up and totalized over $9.5 billion in December, up 60% against November and the highest amount in recent years (see Chart 4.5). Finally, overdrafts went down 1.8% ($1.04 billion) during the 12th month of the year and recorded a y.o.y. change rate of almost 20%, while the remaining commercial financ-

[7] These specific purposes include: expansion of productive capacity, increase of formal and direct employment, investment in capital goods, import substitution, expansion of exporting capacity, financing of infrastructure works or exports of capital goods.

Chart 4.5

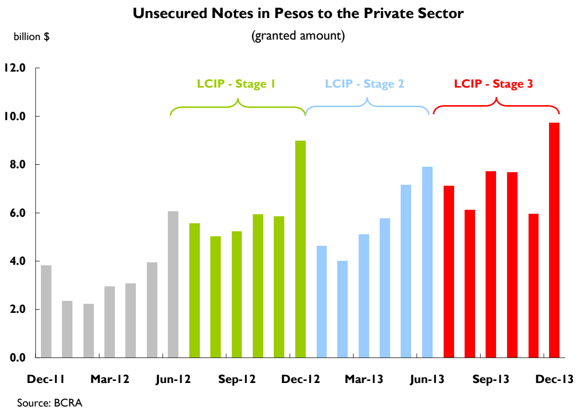


Chart 4.6

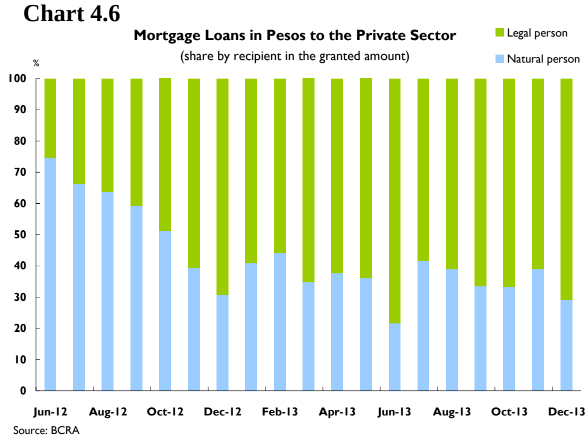
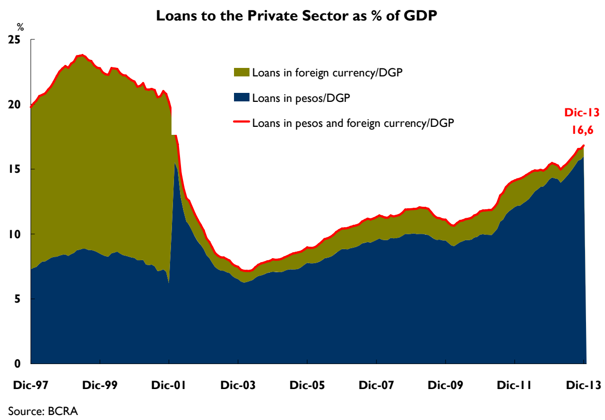


Chart 4.7



ings, grouped under "Other Loans", have recorded a 4.9% increase ($1.66 billion) during the period.

The credit lines mainly devoted to financing household consumption moderated their monthly expansion pace. Financing through credit cards went up 4.8% ($3.69 billion), above the value recorded in December 2012. As a result, its y.o.y. change rate continued standing above 40%. Daily stocks went up sharply towards the end of the month mainly due to the fact that families typically spend more money by the end of the year. On the other hand, personal loans went up 2.3% ($2.23 billion) in December, the lowest increase of the last five months. It is worth pointing out that the collection of the semi-annual complementary wage usually tends to lead to a decline in the demand of personal loans and in their partial cancellation. In fact, their y.o.y. change rate continued to stand above 30%.

In turn, collateralized loans exhibited a mixed performance. On the one hand, mortgage-backed loans accelerated their monthly expansion pace, mainly favored by the LCIP program. In December, they recorded a 2.6% increase ($1.09 billion) and a 25% y.o.y. change rate. The positive impact of the credit line devoted to the productive sector becomes evident when the new mortgage-backed loans are broken down according to the type of recipient. In fact, loans granted to legal persons expanded their share in the total amount granted and accounted for 70% in December (see Chart 4.6). Nevertheless, it is worth mentioning that part of the demand for mortgage-backed loans is not reflected by the statistics of the banking institutions because it is channeled through the Bicentennial Credit for Housing Program (PRO.CRE.AR) (devoted to financing single family homes), created by Executive Order 902, dated June 2012. On the other hand, the growth pace of pledged-backed lending slowed down if compared to previous months. They went up 1.9% ($590 million) in December and accumulated a growth of 41.4% in y.o.y terms.

According to the latest information available corresponding to November, financing granted by financial entities under leasing[8] contracts increased 3.5% ($320 million), similar to that of October. Likewise, its year-on-year change rate continued standing at around 40%.

As regards foreign currency, loans to the private sector went down 6.6% (US$260 million), with the monthly average stock standing at around US$3.7 billion.

[8] 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

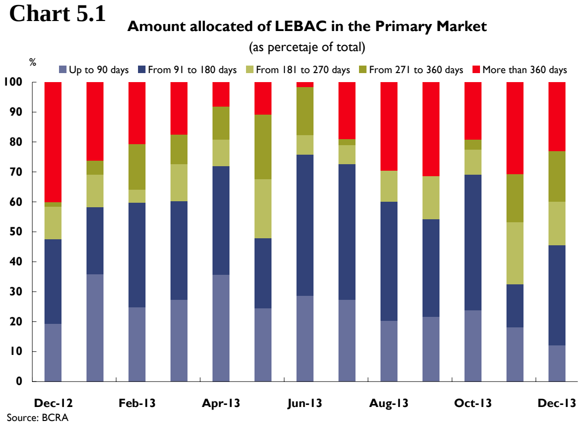


Chart 5.2

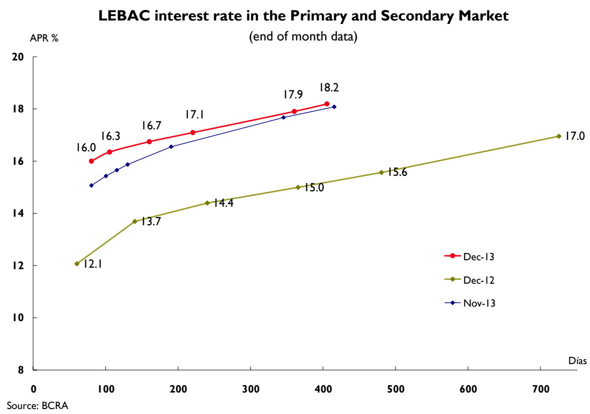
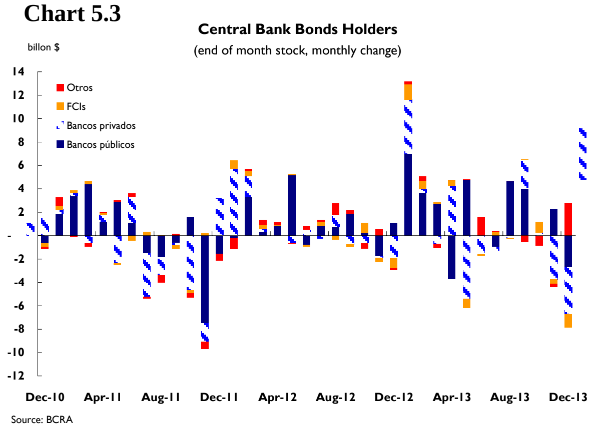


Chart 5.3



As a result, the lending process continued deepening throughout 2013. Total loans (both in pesos and in foreign currency) expanded their share by 1.3 p.p. relative to GDP in the last 12 months and ended the year at 16.6%[9] (see Chart 4.7).

5. Interest rates [10]

Central Bank Securities[11]

In December, the Central Bank started to offer LEBACs in pesos which can be settled at the benchmark exchange rate between the Argentine peso and the US dollar. These instruments can only be underwritten by exporters of the grain and oilseed sectors registered with the Single Registry of Agrifood Chain Operators and the Registry of Exporters and Importers, and that have settled transactions through the Free and Single Foreign Exchange Market (MULC), on the day when the instrument in foreign currency is underwritten for up to the equivalent in dollars of the amount to be underwritten. The instruments are underwritten in pesos for a 180-day maturity term and at a pre-determined cut-off rate of 3.65%. Upon maturity of the instrument, the settlement will be performed at the underwritten nominal value, applying the change of the benchmark exchange rate between the auction date and the maturity date. Within the terms of issue, these instruments can only be transferred once and their counterparty must be an agent of the same sector. Likewise, the Central Bank will provide liquidity to the issues by including the early repurchase option at their technical value (value of issue + interest accrued up to repurchase date), 91 days after the underwriting date. During the month, there were issues of this type of LEBACs for a nominal value of $1.62 billion.

In turn, the interest rates on issues in pesos in the primary market went up 0.5 p.p. on average in December. Like in previous months, only fixed-rate securities were awarded. In the last auction of the month, the interest rate on LEBACs at 80 days –with a predetermined cut-off rate– stood at 16%. On the other hand, the interest rate on the instrument with the longest term –a maturity of 405 days– stood at 18.2% (see Chart 5.2).

In the secondary market, most instruments were traded for a maturity shorter than those typically auctioned by the Central Bank (see Chart 5.3). In December and in line with the performance of the call money market, the

[9] The “loans/GDP” ratio is lower than the “Credit/GDP” ratio since the numerator does not include bank financing through leasing contracts and the interest accrued.
[10] Interest rates mentioned in this section are expressed as annual percentage rates (APR).
[11] In this section, figures are end of the month data unless otherwise stated.

Chart 5.4

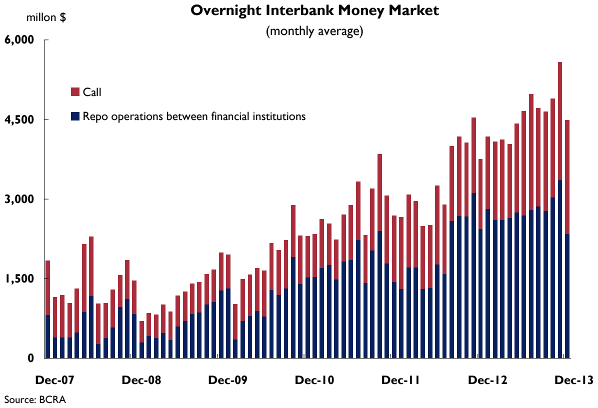
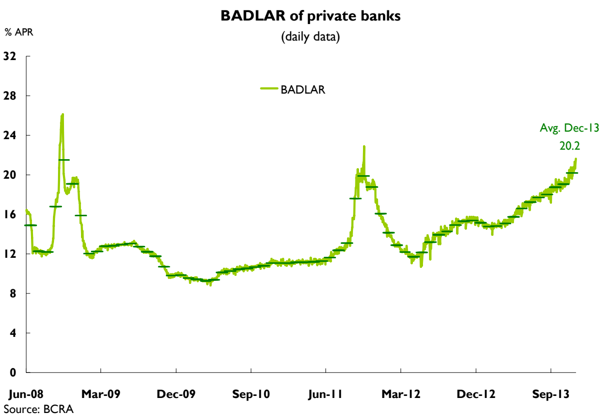


Chart 5.5



interest rates on LEBACs went up for shorter terms. This performance was accompanied by a context where the total average turnover traded stood at $670 million per day.

Finally, throughout December, the outstanding stock of LEBACs and NOBACs contracted by $5.07 billion and stood at $109.82 billion. In terms of deposits, the stock stood at around 15%. The monthly decrease of the stock was mainly driven by a lower demand by banks and, to a lesser extent, by Mutual Funds (FCIs). Nevertheless, this performance was partly offset by the behavior of grain and oilseed exporting companies that underwrote benchmark exchange rate-adjusted instruments in pesos (see Chart 5.3).

Central Bank repo transactions[1]

The Central Bank reverse repo interest rates stood at 9% overnight and at 9.5% at 7 days, while rates on repo loans stood at 11% overnight and at 11.5% at 7 days.

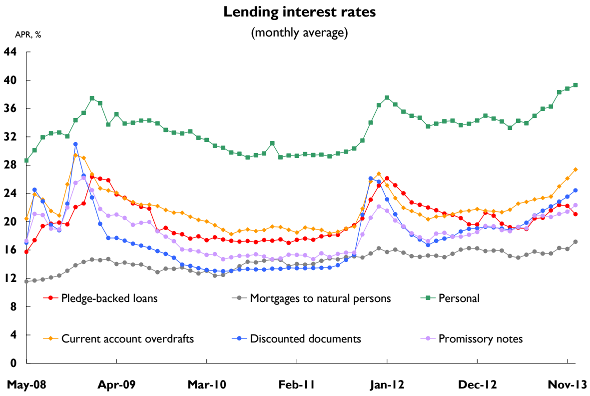
Within a context of more liquidity required by financial institutions, the average stock of the Central Bank reverse repos, considering all the transactions conducted by this institution, contracted 54% to $6.4 billion in the month. This occurred within a context where no repo loans were recorded for the Central Bank.

Call Money markets[1]

In December, the interest rates in call money markets went up temporarily due to the increasing needs of liquidity by financial institutions. This performance was due to a higher demand for transactional money by households and companies, a behavior that is typical at this time of the year, and concentrated during the last days of month under analysis. Nevertheless, during the first days of 2014, interest rates returned to the levels observed at the beginning of December. Within this context, in the unsecured market (call), the average interest rate for overnight transactions climbed 4.5 p.p. to 19.6%. Likewise, the average interest rate on overnight transactions among financial institutions in the secured market (REPO round) recorded a similar increase and stood at 19.2%.

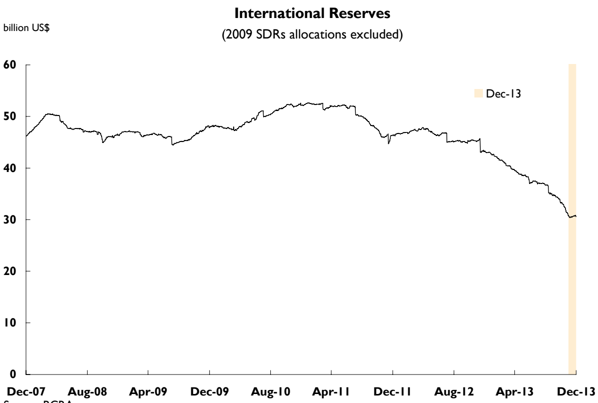
The daily average volume contracted $1.1 billion and totalized around $4.5 billion (see Chart 5.4). The drop resulted mainly from the transactions recorded in the REPO round (excluding the transactions conducted by the BCRA).

Chart 5.6



Source: BCRA

Chart 6.1



Source: BCRA

Borrowing rates[1]

In December, the interest rate paid by financial institutions for private sector peso time deposits recorded slight increases (between 0.5 and 1 p.p.). The expansion was led by the wholesale segment while the retail segment experienced more limited rises.

In fact, in the wholesale segment, the BADLAR of private banks –interest rate on deposits of $1 million and more and for 30-35 days– averaged 20.2%, recording a monthly increase of 1.1 p.p. against November (see Chart 5.5) while, in the retail segment, the interest rate paid by financial institutions for time deposits of the private sector for up to $100,000 averaged 16.1%, hiking 0.5 p.p. against November.

Lending rates[1 12]

During the month under analysis, the interest rate applied on peso loans to the private sector exhibited a heterogeneous performance with increases in interest rates for short-terms lines and drops in the case of longer-term credit lines.

Particularly, the interest rate on current account overdrafts averaged 27.4%, increasing 1.3. p.p. monthly. Within this credit line, the interest rate on overdrafts to companies for over $10 million and up to 7 days stood at 22.7%, rising 2.5 p.p. against the previous month.

Likewise, as regards the financing arranged through promissory notes, the monthly average of interest rates on unsecured promissory notes stood at 22.3%, hiking 0.9 p.p. in the month. The monthly average of the interest rate on discounted documents recorded a monthly increase of 0.9 p.p. and stood at 24.4%.

Among longer-term loans, the interest rate on pledge-backed loans averaged 21.2%, declining 1.1 p.p. in the month. On the other hand, in the case of mortgages granted to natural persons, the interest rate averaged 17.2%, rising 0.3 p.p. in monthly terms. Likewise, the monthly average of the interest rate on personal loans stood at 39.1%, increasing 0.5 p.p. (see Chart 5.6).

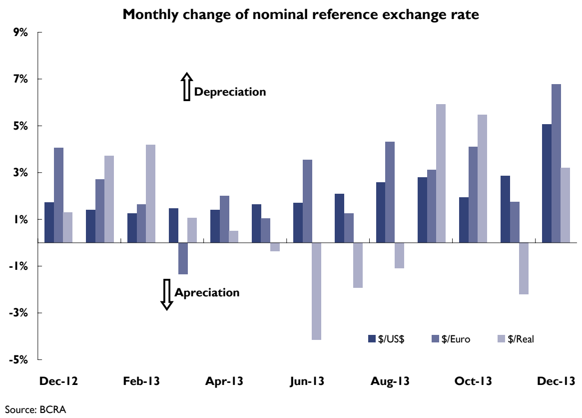
[12] Interest rates mentioned in this section are annual percentage rates and do not include assessment or granting expenses or other expenditures (e.g. insurance) which are taken into account in the total financial cost of loans.

6. International reserves and foreign exchange market

The balance of international reserves ended 2013 at US$30.6 billion (see Chart 6.1), down 0.6% against the value recorded by the end of November. The monthly change was mainly driven by net sales of foreign currency by the Central Bank in the Free and Single Foreign Exchange Market (MULC) and by debt service payments, which were partially offset by an increase of current accounts in foreign currency of the financial institutions with the Central Bank.

In terms of the exchange rates, the peso depreciated against the US dollar, the euro and the Brazilian real. Consequently, the average exchange rates in December stood at 6.85 $/US$, 8.67 $/euro and 2.69 $/real, resulting in changes against November of 5.1%, 6.8% and 3.2%, respectively (see Chart 6.2). Throughout the year 2013, the increase amounted to 29.5%, 35.3% and 4.6%, respectively, for the US dollar, the euro and the Brazilian real.

Chart 6.2



7. Major policy measures taken by other Central Banks

Other Central Banks adopted several monetary policy measures during December. The decision made by the US Federal Reserve (FED) stood out among them since the US monetary authority finally opted for slowing down the asset purchase pace.

On December 18th, the FED's Federal Open Market Committee (FOMC) decided to reduce the assets purchase pace (known as tapering) from US$85 billion per month to US$75 billion per month[13]. The improvements observed in the labor market (see Chart 7.1) and in other economic activity indicators some days before the FOMC meeting had increased the chances that the FED could make the decision to slow down the asset purchase pace at that meeting. Specifically, in terms of the activity level, in the second revision of the third quarter's GDP forecast, it was revised upward once again, to 4.1% against the previous quarter (seasonally adjusted and annualized), marking the highest change in the last 2 years (see Chart 7.2). Besides, the FED kept its benchmark interest rate target, the Federal Funds rate, in the range of 0-0.25% (see Chart 7.3).

From the press conference given by the head of the US FED after the meeting, it can be inferred that as long as

Chart 7.1

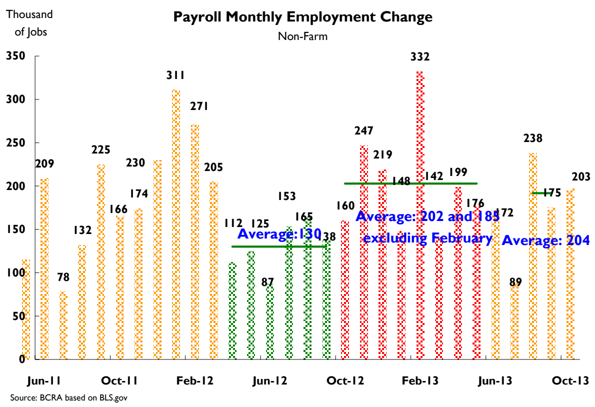
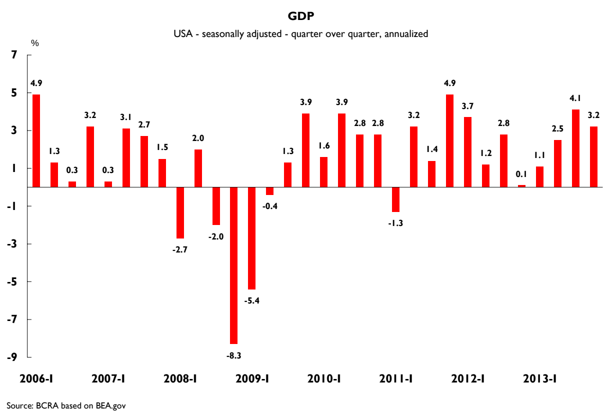
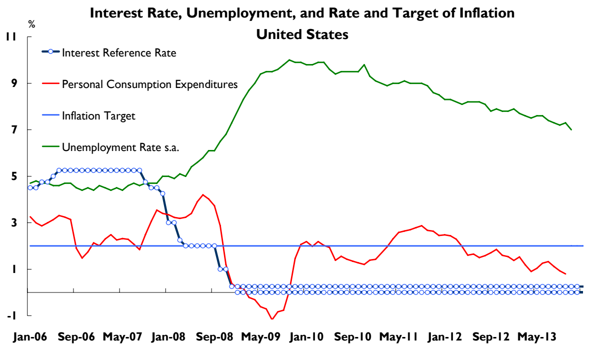


Chart 7.2



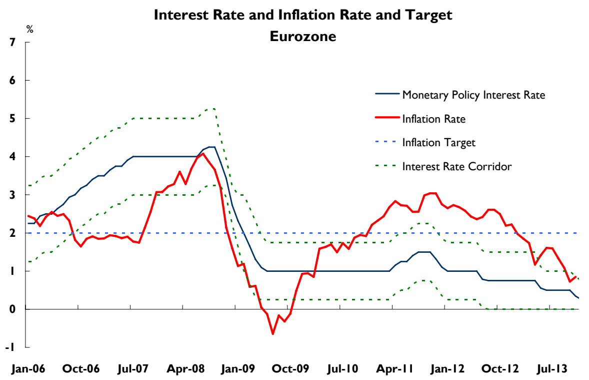
[13] US$35 billion per month of Agency Mortgage-Backed Securities and US$40 billion per month of long-term Treasury bonds.

Chart 7.3



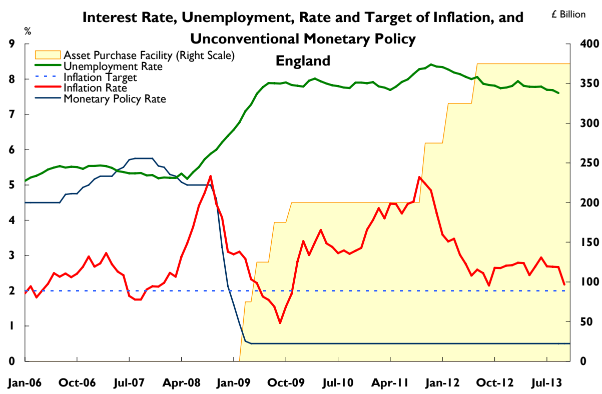
Source: BCRA based on Bloomberg, Bureau of Economic Analysis and Federal Reserve (FED).
* The FED is not embedded in an inflation targeting regime. It has a dual mandate where it has to foster maximum employment, moderate long run interest rates and price stability. Regarding the latest on the FED meeting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

Chart 7.4



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

Chart 7.5



Source: BCRA based on bankofengland.co.uk y ONS.gov.uk

the labor market improvements consolidate, the institution would keep a reduction pace of its assets purchase program of US$10 billion per FOMC meeting up to the end of such program in the meeting to be held in late October 2014.

In turn, the European Central Bank (ECB) decided to keep its benchmark interest rate unchanged (see Chart 7.4). However, during the press conference held after the Governing Council meeting, ECB President Mario Draghi stated that if a new line similar to LTRO (Longer-Term Refinancing Operations) were required, such line would be designed in such a way that the funding to be received by banks can only be used to finance the productive sector rather than to capitalize the financial system.

On the other hand, the Bank of England (BoE)'s Monetary Policy Committee kept its benchmark interest rate – Bank Rate– unchanged at 0.5% and it did not change its Asset Purchase Facility program either (which has been at £375 billion since July 2012; see Chart 7.5). Besides, by the end of November, the BoE announced it will introduce changes into its Funding for Lending Scheme (FLS) next year. As from 2014, the BoE will only provide subsidized funding for the loans that the financial system grants to companies, with a special focus on SMEs, and will stop subsidizing loans for households so as to avert distortions in the real estate market prices.

As regards emerging countries, the measures adopted by the Central Bank of Brazil (BCB) stood out. In this sense, the Monetary Policy Committee (COPOM) of the BCB decided to increase the target for the Selic rate by 0.5 p.p. to 10% (see Chart 7.6). However, on the basis of a press release by COPOM, it seems that the current expansion pace of the Selic rate target would be coming to an end within a context of reduced growth and inflation. Besides, on December 5th, the president of the BCB, Alexandre Tombini, announced that during 2014 the Bank will continue intervening in the exchange market (even though with some changes which have not been detailed yet). These interventions would mainly consist in auctions of foreign exchange swaps transactions, which have no impact on BCB international reserves. On the other hand, by the end of December, the Government of Brazil increased the tax rate on the *Imposto sobre Operações Financeiras* for spending made in foreign currency with debit cards and "prepaid" cards from 0.38% to 6.38%, while it has kept the tax rate on credit cards at 6.38% and at 0.38% for the purchase of foreign currency.

Anticipating a period of volatility in the exchange rate market, Turkey's monetary authority decided to change

Chart 7.6

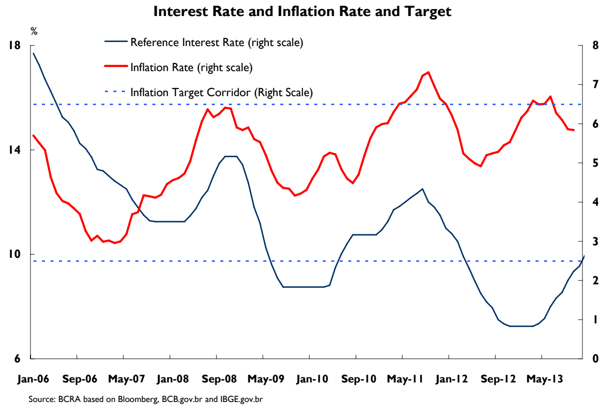


Chart 7.7

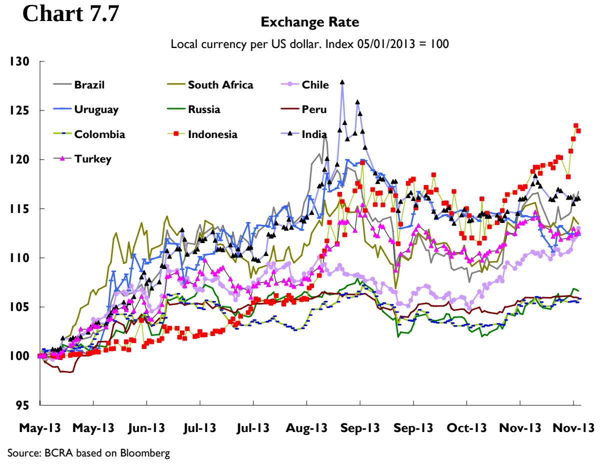
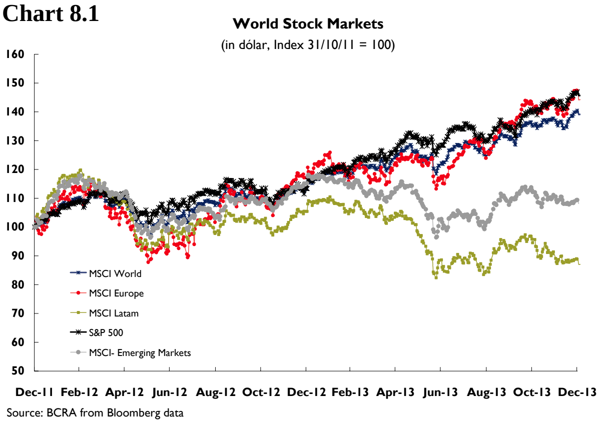


Chart 8.1



the minimum amount of foreign currency sale auctions from US$20 million to US$50 million. In turn, the Central Reserve Bank of Peru reduced for the fourth time since August the reserve requirement in domestic currency ratio from 16% to 15% so as to underpin the momentum of lending in Peruvian soles.

During 2013, the main central banks have adopted several measures. The most outstanding decision of the year was related to the US FED tapering, which came out as a possibility very likely to happen after the meeting held by the FED in early May. The mere announcement of this possibility by the FED had an immediate impact on the markets, evidenced by the widespread depreciation of emerging countries' currencies. As a result, many of their central banks decided to take measures to avert an excessive volatility of their currencies (see Chart 7.7). Among these central banks, in 2013 the BCB increased 2.75 p.p. the target for the Selic rate and launched a program of auction swaps and repo loans in dollars.

Besides, among the measures adopted by advanced nations' central banks, the decision of the Bank of Japan (BoJ) of seeking "as soon as possible" a 2% inflation to leave 13 years of deflation behind has been highly remarkable. To achieve this target, the BoJ decided to double its monetary base between April 2013 and April 2015. On the European front, the ECB reduced to historical minimum levels its benchmark interest rate while the BoE, within a framework of better activity indicators, extended its Funding for Lending Scheme that will be in force until January 2015. Lastly, from mid-2013, both the ECB and the BoE have applied forward guidance measures[14].

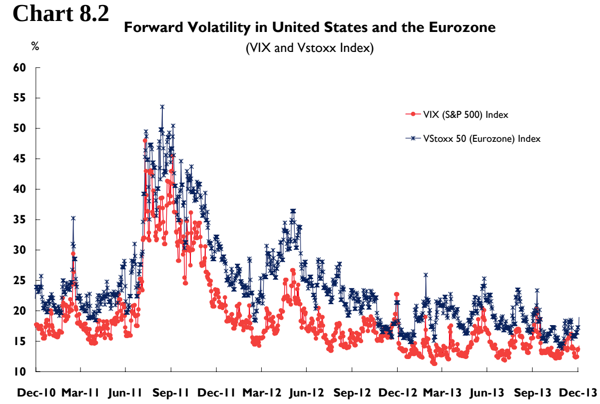
8. Capital markets

Equity[15]

The variable income assets in the stock markets of advanced nations ended December with price increases and a higher expected volatility. In the United States, there were positive signals in the activity level, which were mirrored in the labor market. Consequently, the FED, as it has been already mentioned, decided to slow down the assets purchase pace. However, the impact caused by this decision on the market was limited, since

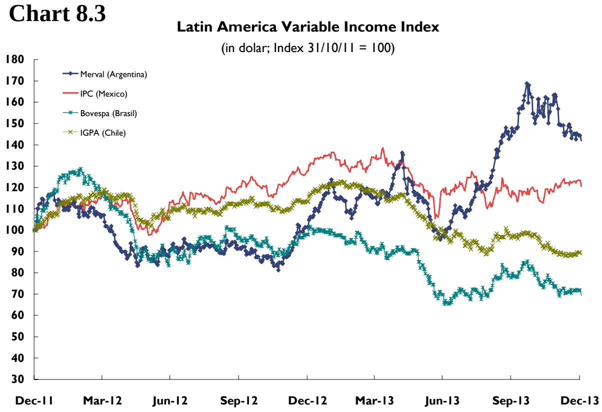
[14] These measures tend to relate the evolution of the monetary policy with some economic indicators such as the unemployment rate and the inflation rate and their expectations (in the case of the BoE) with a view to giving certainty and, thus, effectiveness to the monetary policy. In other cases, and without relating these factors, it has been announced that the benchmark interest rate will stand at reduced levels for a long period of time (in the case of the ECB).
[15] Unless otherwise stated, the change in indexes is represented in US dollars.

Chart 8.2



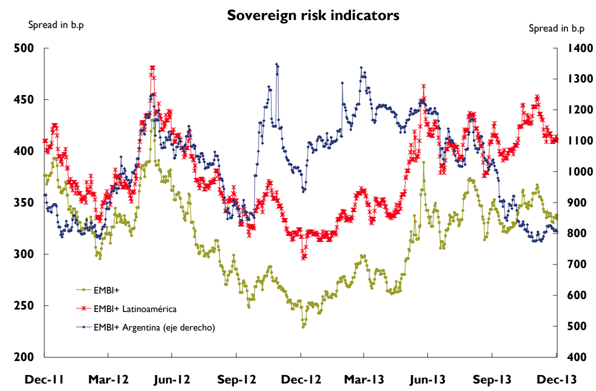
Source: BCRA from Bloomberg data

Chart 8.3



Source: BCRA from Bloomberg data

Chart 8.4



Source: BCRA from Bloomberg data

the measure had already been incorporated to the expectations.

As regards the main benchmark indexes, the Global MSCI Index ended December with an expansion of 2%. Likewise, among advanced economies, the S&P500, the main index for the US market, went up 2.4% whereas the European marketplace, measured through the MSCI index, expanded 2% (see Chart 8.1). Nevertheless, the measure adopted by the FED impacted on the expected volatility of the two leading stock markets. In the United States, the S&P500 volatility, measured by the VIX Index, went up 1.2 p.p. and, in Europe, the index that measures the volatility of the Stoxx 50 posted a 1.1 p.p. rise (see Chart 8.2). Along 2013, the Global MSCI Index went up 24.1% within a context where the MSCI of Europe and Japan expanded 26% and 25%, respectively, while the S&P 500 went up 30%.

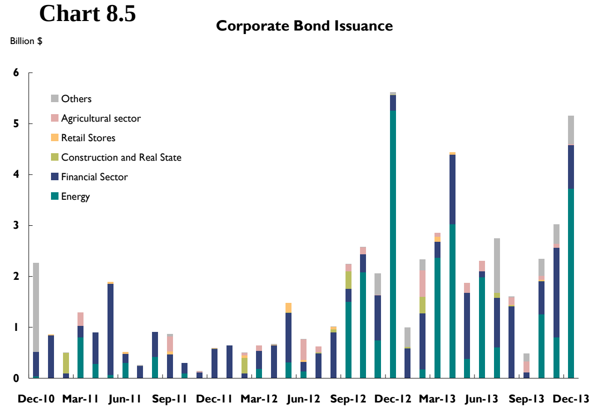
Unlike the performance observed in advanced nations, the price of variable income assets of emerging countries, measured by the Emerging MSCI Index, contracted 1.5% in December and 5% in 2013. In this context, the Latin American Markets MSCI lost 2.8% in the 12th month of the year (and 16% in 2013), and the Brazilian Bovespa Stock Index, which is the benchmark for the region, went down 2.8% (and 26.7% in 2013). Meanwhile, the Chilean IGPA fell 0.8% in December and 21% along the year. In Brazil, December drop was driven by both the performance recorded in the index in domestic currency and the depreciation of the real. Instead, in the Chilean stock market, the drop in the IGPA during the last month of the year was partially offset by an appreciation of the Chilean peso. Following a direction opposite to that of the region, the Mexican IPC climbed 1.1% in December and lost almost 4% throughout the year (see Chart 8.3).

In the Argentine stock market, the local benchmark index (Merval) measured in dollars ended December with a loss of 11.2% and accumulates a 42.3% increase in 2013. The daily average amount traded in shares went down 14% against November, standing at $94.5 million

Sovereign bonds

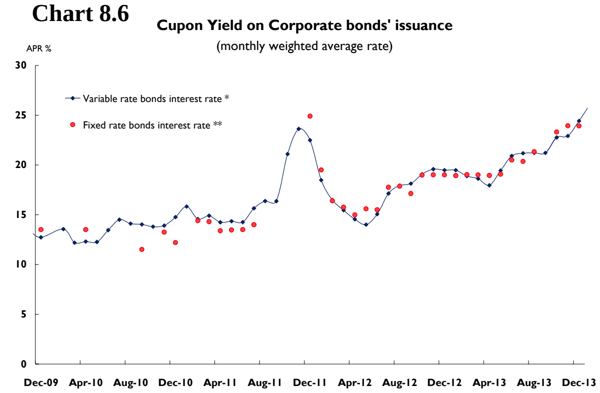
In December, the yields of the US sovereign debt widened, mainly for the bonds of the longest tranche of the curve. In fact, the yield of the 10-year bonds went up 28 b.p., exceeding a 3% yield, something that did not happen since mid-2011. Within this context, the yield spreads of emerging sovereign bonds above the US Treasuries contracted 31 b.p. to 334 b.p. by late December, as measured by the EMBI+. In 2013, the yield of

Chart 8.5



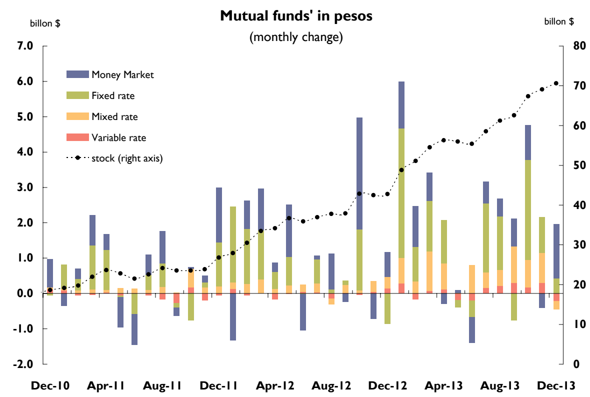
Source: IAMC, CNV and BCBA.

Chart 8.6



(*) Maturity less than 5 years and BBB+ higher ratings (**) BBB+ higher ratings and a maturity less than 1 years.
Source: BCRA from CNV, MAE, BCBA and IAMC

Chart 8.7



Source: CAFCI and BCRA

the US 10-year bonds went up almost 1.3 b.p. while the EMBI+ increased 86 b.p.

In Argentina, the yield spread of sovereign bonds remained almost unchanged. As a result, EMBI+ stood at 808 b.p. by the end of December, up 32 b.p. against the end of November (see Chart 8.4). Consequently, the EMBI+ ended 2013 with a drop of around 200 b.p. against late 2012 figures.

Corporate bonds

Publicly-traded corporate debt issue through corporate bonds and Short-Term Debt Securities totaled $5.15 billion in December, reaching the second highest amount in historical terms (see Chart 8.5).

The analysis of the number of issues reveals that most of them were denominated in pesos and only 3 issues were denominated in foreign currency (2 dollar-linked and the remaining one in dollars). Among the main issuers of the month, the oil and gas sector stood out with an issue of $3.41 billion, mainly boosted by an issue of YPF for US$500 million. The financial entities sector came second, with an issue of $635 million. As a result, throughout 2013, the energy and financial sectors were the main issuers of corporate debt, accounting for 48% and 29% respectively.

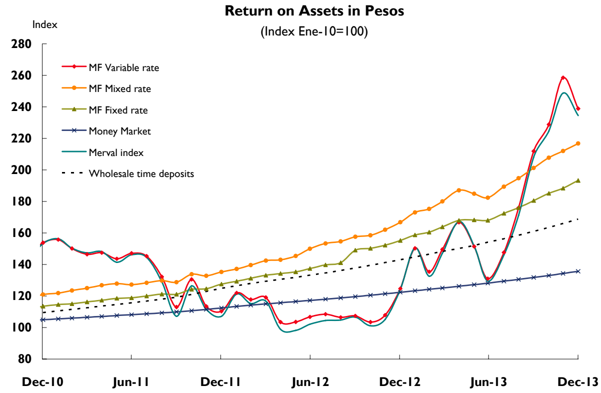
In December, the cost of financing went up slightly for variable rate issues, while it remained stable for fixed rate issues. In this sense, the interest rate on bonds with a rating over Arg BBB+ and a maturity below 2 years stood at 24.4%, up 1.5 p.p., in line with the increase of private banks' BADLAR rate. Meanwhile, the interest rate on fixed rate issues in pesos with a rating over Arg BBB+ and a maturity below 1 year remained unchanged at 23.9%, against November (see Chart 8.6).

Mutual Funds

The net worth of Mutual Funds (FCIs) in pesos and in foreign currency went up by $1.52 billion (2.1%) during December and ended 2013 at $72.75 billion (see Chart 8.7). Once again, FCIs in pesos, which account for 97% of the industry, were the main factor behind the rise.

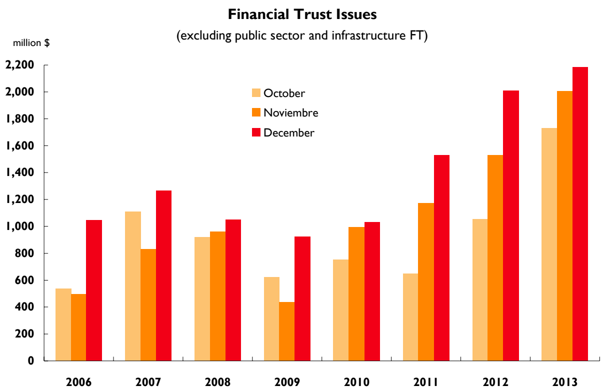
During the last month of the year, Money Market funds went up by $1.53 billion (7.0%), boosted by a higher amount of unit shares and by a jump in the price of the assets. Secondly, fixed income funds in pesos went up by $430 million (1.3%) since the increase in the price of assets exceeded the redemption of unit shares. In turn, the mutual funds investing in mixed income and variable

Chart 8.8



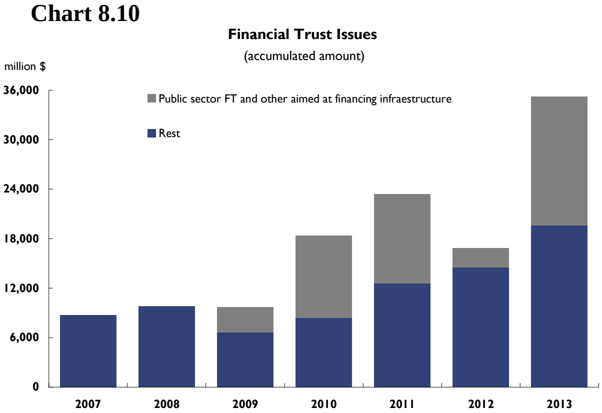
Source: BCRA en base a CAFCI

Chart 8.9



Source: BCRA based on CNV and other data

Chart 8.10



Source: BCRA based on CNV and other data

income assets went down by $220 million each (-1.7% and -9.6%, respectively). In both cases, the drops were mainly related to reductions in the amount of unit shares and in asset prices, in line with the performance of the main domestic stock market assets.

In 2013, the net worth of Mutual Funds (FCIs) in pesos went up by $27.7 billion (61.4% y.o.y.) and were mainly driven by fixed income funds ($13.59 billion, 72% y.o.y.), followed by mixed income funds ($7.05 billion, 123.7% y.o.y.), Money Market funds ($6.33 billion, 37.2% y.o.y.), and lastly variable income funds ($850 million, 69.3% y.o.y.).

As regards the profitability recorded, fixed income and mixed income funds posted monthly rises of 2.6% and 2.3%, respectively, slightly above the figures recorded in November. Meanwhile, the Money Market funds continued to have an average monthly profitability of 1%. In turn, variable income funds recorded the worst performance of the month, with an average estimated return of -7.6%.

Despite this monthly performance, the analysis of their evolution along 2013 reveals that variable income funds recorded profits equivalent to 91.6%, followed by mixed and fixed income funds with yields of 29.9% and 24.6%, respectively and, finally, by Money Market funds with profits equivalent to 10.9% (see Chart 8.8).

Lastly, FCIs' net worth in foreign currency lost US$30 million (-7.6% in December) and stood at US$327 million (-29% y.o.y.). The fall was mainly due to the redemption of unit shares in fixed income funds.

Financial Trusts[16]

If the issues of the public sector and other issues devoted to finance infrastructure works are excluded, financial trust (FT) issues totalized $2.18 billion in December and were above the figures recorded in previous months, as it tends to occur in the last month of the year (see Chart 8.9). In the same line, the number of issues also went up, with 25 transactions during the month, the highest amount since December 2010. On the other hand, an FT was issued with a view to financing road infrastructure works, specifically the "Rehabilitation of Provincial Route Nº6", a work awarded through a public bid to a group of building companies. They securitized sovereign bonds of the Province of Buenos Aires, granted as partial payment.

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

Breaking down the amount issued in December per type of trustor, retail businesses securitized assets related to consumption for $640 million, slightly above the figure recorded in November. In turn, financial institutions issued over $600 million and this implied a contraction of 37% against the high level reached in November. Meanwhile, total assets securitized by mutuals, cooperatives and non-bank credit card issuers and other financial service providers (consisting of loans for consumption, pledge-backed loans and leasing contracts) exceeded $500 million, one of the highest amounts of the year. Likewise, there were 4 issues of companies belonging to the farming sector for a total of $355 million.

As a result, the amount issued throughout 2013 reached around $35.2 billion, out of which almost $15.63 billion corresponded to public sector FTs and other infrastructure FTs[17]. Leaving aside this type of issues, the amount accumulated in 2013 reached around $19.6 billion, up 34% against 2012 (see Chart 8.10).

Lastly, the cut-off interest rate on senior bonds in pesos with a term below 14 months and agreed upon at a variable rate recorded a 0.9 p.p. increase and ended the year at 21.5%. In turn, as regards the fixed rate segment, no transactions were recorded in December.

[17] This amount is mainly explained by the issue of the financial trust Pro.Cre.Ar for $15.55 billion, even though only $8.5 billion were actually disbursed.

9. Monetary and financial indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Montlhy average				Average change in percentage	
	Dec-13	Nov-13	Dec-12	Dec-12	Monthly	Last 12 months
Monetary base	**361,580**	**338,343**	**292,138**	**292,138**	**6.9%**	**23.8%**
Currency in circulation	277,095	260,352	224,211	224,211	6.4%	23.6%
Held by public	247,157	234,773	199,335	199,335	5.3%	24.0%
Held by financial entities	29,936	25,577	24,872	24,872	17.0%	20.4%
Settlement check	2	2	4	0	-15.2%	0.0%
BCRA current account	84,484	77,991	67,927	67,927	8.3%	24.4%
Repos stock						
Reverse repos	6,351	13,855	17,432	17,432	-54.2%	-63.6%
Repos	0	0	0	0	0.0%	0.0%
BCRA securities stock (in face value)	111,491	111,927	88,681	88,681	-0.4%	25.7%
In banks	98,364	102,681	77,641	77,641	-4.2%	26.7%
LEBAC						
In pesos	107,309	107,744	74,569	74,569	-0.4%	43.9%
NOBAC	4,183	4,183	14,112	14,112	0.0%	-70.4%
International reserves excluded 2009 SDRs allocations	**30,612**	**32,244**	**44,134**	**44,134**	**-5.1%**	**-30.6%**
Private and public sector deposits in pesos (1)	**667,669**	**654,155**	**525,028**	**525,028**	**2.1%**	**27.2%**
Current account (2)	190,977	172,817	150,959	150,959	10.5%	26.5%
Savings account	140,224	125,074	104,730	104,730	12.1%	33.9%
Not CER-adjustable time deposits	309,687	331,309	248,802	248,802	-6.5%	24.5%
CER-adjustable time deposits	6	6	7	7	0.0%	-13.8%
CEDRO adjusted by CER	0	0	0	0		
Other deposits (3)	26,774	24,950	20,530	20,530	7.3%	30.4%
Private sector deposits	484,435	467,956	372,490	372,490	3.5%	30.1%
Public sector deposits	183,234	186,199	152,538	152,538	-1.6%	20.1%
Private and public sector deposits in dollars (1)	**8,263**	**8,093**	**9,393**	**9,393**	**2.1%**	**-12.0%**
Loans to private and public sector in pesos (1)	**497,903**	**480,860**	**373,913**	**373,913**	**3.5%**	**33.2%**
Loans to private sector	456,779	442,345	339,103	339,103	3.3%	34.7%
Overdrafts	56,683	57,726	47,326	47,326	-1.8%	19.8%
Promissory bills	111,404	104,863	76,170	76,170	6.2%	46.3%
Mortgages	43,074	41,982	34,475	34,475	2.6%	24.9%
Pledge-backed loans	31,297	30,710	22,135	22,135	1.9%	41.4%
Personal loans	98,484	96,576	75,069	75,069	2.0%	31.2%
Credit cards	80,411	76,724	56,352	56,352	4.8%	42.7%
Other loans	35,427	33,763	27,576	27,576	4.9%	28.5%
Loans to public sector	41,123	38,515	34,810	34,810	6.8%	18.1%
Loans to private and public sector in dollars (1)	**3,694**	**3,957**	**5,549**	**5,549**	**-6.7%**	**-33.4%**
Total monetary aggregates (1)						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	438,136	407,592	350,298	350,298	7.5%	25.1%
M2 (M1 + savings account in pesos)	578,360	532,666	455,028	455,028	8.6%	27.1%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	914,828	888,930	724,367	724,367	2.9%	26.3%
M3* (M3 + total deposits in dollars + settlemente check in foreign curren	968,759	938,970	770,218	770,218	3.2%	25.8%
Private monetary aggregates						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	367,390	350,153	299,301	299,301	4.9%	22.7%
M2 (M1 + private savings account in pesos)	493,774	464,835	395,489	395,489	6.2%	24.9%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	731,594	702,732	571,829	571,829	4.1%	27.9%
M3* (M3 + private total deposits in dollars + settlemente check in foreign currency)	775,723	744,366	609,685	609,685	4.2%	27.2%

Explanatory factors	Average Change							
	Monthly		Quarterly		YTD 2011		Last 12 months	
	Nominal	Contribution(4)	Nominal	Contribution(4)	Nominal	Contribution(4)	Nominal	Contribution(4)
Monetary base	**23,236**	**6.9%**	**31,811**	**9.6%**	**69,442**	**23.8%**	**69,442**	**23.8%**
Financial sector	7,502	2.2%	8,777	2.7%	12,840	4.4%	12,840	4.4%
Public sector	17,665	5.2%	46,549	14.1%	89,979	30.8%	89,979	30.8%
Private external sector	-10,323	-3.1%	-31,416	-9.5%	-27,908	-9.6%	-27,908	-9.6%
BCRA securities	5,990	1.8%	6,267	1.9%	-5,156	-1.8%	-5,156	-1.8%
Others	2,402	0.7%	1,634	0.5%	-312	-0.1%	-312	-0.1%
International reserves excluded 2009 SDRs allocations	**-1,633**	**-5.1%**	**-5,000**	**-14.0%**	**-13,522**	**-30.6%**	**-13,522**	**-30.6%**
Foreign exchange market intervention	-1,691	-5.2%	-5,285	-14.8%	-4,512	-10.2%	-4,512	-10.2%
International financial institutions	286	0.9%	463	1.3%	712	1.6%	712	1.6%
Other public sector operations	-218	-0.7%	-1,563	-4.4%	-197	-0.4%	-197	-0.4%
Dollar liquidity requirements	403	1.3%	545	1.5%	-327	-0.7%	-327	-0.7%
Others (incl. change in US$ market value of nondollar assets)	-413	-1.3%	840	2.4%	-9,199	-20.8%	-9,199	-20.8%

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

	Dec-13	Nov-13	Oct-13
	(1)		
Domestic Currency	*% of total deposits in pesos*		
Requirement	11.9	11.6	11.6
Compliance	12.6	11.8	11.8
Position (2)	0.7	0.2	0.2
Residual time structure of term deposits used for the calculation of the requirement (3)	%		
Up to 29 days	67.5	63.9	64.0
30 to 59 days	22.8	25.3	23.7
60 to 89 days	5.0	6.3	7.0
90 to 179 days	3.2	3.0	3.6
more than 180 days	1.4	1.5	1.7
Foreign Currency	*% of total deposits in foreign currency*		
Requirement	19.0	19.1	19.4
Compliance (includes default application resource)	117.0	111.0	107.2
Position (2)	98.0	91.9	87.8
Residual time structure of term deposits used for the calculation of the requirement (3)	%		
Up to 29 days	47.5	49.1	49.7
30 to 59 days	23.1	22.5	23.0
60 to 89 days	11.1	10.5	11.5
90 to 179 days	14.5	13.7	12.1
180 to 365 days	3.8	4.1	3.7
more than 365 days	0.1	0.0	0.0

(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	Dec-13	Nov-13	Oct-13	Dec-12	Dec-12
Interbank Loans (overnight)					
Interest rate	19.67	15.31	12.24	10.71	10.71
Traded volume (million pesos)	2,144	2,218	1,856	1,313	1,313
Time Deposits					
In pesos					
30-44 days	17.65	15.84	16.27	13.69	13.69
60 days or more	18.99	17.79	18.01	15.43	15.43
Total BADLAR (more than $1 million, 30-35 days)	18.55	16.79	16.91	13.43	13.43
Private Banks BADLAR (more than $1 million, 30-35 days)	20.18	19.05	18.74	15.37	15.37
In dollars					
30-44 days	0.34	0.37	0.41	0.60	0.60
60 days or more	0.64	0.71	0.84	1.11	1.11
Total BADLAR (more than $1 million, 30-35 days)	0.33	0.39	0.47	0.65	0.65
Private Banks BADLAR (more than $1 million, 30-35 days)	0.33	0.38	0.50	0.61	0.61
Lending Interest Rates	**Dec-13**	**Nov-13**	**Oct-13**	**Dec-12**	**Dec-12**
Stock Repos					
Gross interest rates 30 days	21.64	20.22	18.42	15.57	15.57
Traded volume (all maturities, million pesos)	316	311	290	235	235
Loans in Pesos (1)					
Overdrafts	27.38	26.19	25.03	21.79	21.79
Promissory Notes	22.34	21.43	21.10	18.58	18.58
Mortgages	16.55	16.49	17.16	17.23	17.23
Pledge-backed Loans	21.16	22.27	22.43	19.60	19.60
Personal Loans	39.13	38.61	38.21	34.34	34.34
Credit Cards	s/d	35.64	34.87	35.07	35.07
Overdrafts - 1 to 7 days - more than $10 million	22.65	20.20	18.51	14.44	14.44
International Interest Rates	**Dec-13**	**Nov-13**	**Oct-13**	**Dec-12**	**Dec-12**
LIBOR					
1 month	0.17	0.17	0.17	0.21	0.21
6 months	0.35	0.35	0.36	0.51	0.51
US Treasury Bonds					
2 years	0.33	0.29	0.32	0.25	0.25
10 years	2.88	2.71	2.60	1.70	1.70
FED Funds Rate	0.25	0.25	0.25	0.25	0.25
SELIC (1 year)	10.00	9.58	9.36	7.25	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	Dec-13	Nov-13	Oct-13	Dec-12	Dec-12
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	15.81	11.20	10.25	9.36	9.36
7 days	13.12	10.03	9.68	9.53	9.53
Repo traded volumen (daily average)	3,981	11,087	8,484	10,111	10,111
Peso LEBAC Interest Rate[1]					
1 month	s/o	s/o	s/o	11.60	11.60
2 months	s/o	s/o	14.93	11.98	11.98
3 months	15.52	15.28	15.23	12.93	12.93
9 months	s/o	s/o	s/o	14.52	14.52
12 months	17.80	17.77	17.81	14.99	14.99
Peso NOBAC with variable coupon Spread[1]					
9 months BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
1 year BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
2 years BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
3 years BADLAR Private Banks	s/o	s/o	s/o	s/o	s/o
LEBAC and NOBAC traded volume (daily average)	673	804	1181	786	786
Foreign Exchange Market	**Jul-12**	**Aug-12**	**Sep-12**	**Oct-12**	**Nov-12**
Dollar Spot					
Exchange agencies	6.32	6.02	5.85	4.88	4.88
BCRA Reference	6.33	6.02	5.85	4.88	4.88
Future dollar					
NDF 1 month	6.74	6.38	6.14	4.98	4.98
ROFEX 1 month	6.56	6.17	6.00	4.95	4.95
Traded volume (all maturities, million pesos)	1,596	1,642	1,332	818	818
Real (Pesos/Real)	2.69	2.61	2.67	2.35	2.35
Euro (Pesos/Euro)	8.67	8.12	7.98	6.41	6.41
Capital Market	**Dec-13**	**Nov-13**	**Oct-13**	**Dec-12**	**Dec-12**
MERVAL					
Index	5,330	5,429	5,227	2,672	2,672
Traded volume (million pesos)	109	122	139	54	54
Governement Bonds (parity)					
BODEN 2015 (US$)	132.63	143.34	148.89	120.57	120.57
DISCOUNT (US$ - NY legislation)	106.64	119.79	114.69	97.99	97.99
BODEN 2014 ($)	93.47	94.15	95.09	92.24	92.24
DISCOUNT ($)	63.95	59.79	58.35	46.02	46.02
Country risk					
Spread BODEN 2015 vs. US Treasury Bond	826	897	960	1,204	1,204
EMBI+ Latin America (without Argentina)	412	415	384	298	298

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 Pablo Stock Exchange Index (Brazil)
CAFCI: *Cámara Argentina de Fondos comunes de inversión*
CDS: Credit Default Swaps
CER: Coeficiente de Estabilización de Referencia. Reference Stabilization Coefficient
CNV: Comisión Nacional de Valores. National Securities Commission
CPI: Consumer Price Index
DISC: Discount Bond
EMBI: Emerging Markets Bonds Index
FCI: Mutual Funds
Fed: Federal Reserve
FTs: Financial Trusts
GBA: Greater Buenos Aires metropolitan area
GDP: Gross Domestic Product
IAMC: Instituto Argentino de Mercado de Capitales.
IGBVL: Lima Stock Exchange Index (Peru)
IGPA: Santiago Stock Exchange Index (Chile)
LEBAC: *Letras del Banco Central*. BCRA Bills
LCIP: Credit Line for Productive Investment.
LIBOR: London Interbank Offered Rate
M2: Notes and Coins + Current Accounts and Savings Accounts in $
M3: Notes and Coins + Total Deposits in $.
M3*: Notes and Coins + Total Deposits in $ and US$
MERVAL: *Mercado de Valores de Buenos Aires*. Buenos Aires Stock Exchange Index
MEXBOL: Mexico Stock Exchange Index
NBFI: Non-Banking Financial Institutions
NDF: Non Deliverable Forward
NOBAC: Notas del Banco Central. BCRA Notes
NV: Nominal value
ONs: Corporate Bonds
PyME: Small and medium enterprises
ROFEX: Rosario Futures Exchange Rate Market
SELIC: Brazilian Central Bank's Benchmark Interest Rate
SISCEN: *Sistema Centralizado de Requerimientos Informativos*. BCRA Centralized Reporting Requirement System
S&P: Standard and Poor´s 500 Index
TIR: Internal rate of return (IRR).
y.o.y.: Year-on-year