

Monthly Monetary Report

May 2020



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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1. Summary

- In May, the private M3 broad monetary aggregate moderated its expansion, after hitting a historical record in April. Even though all its components went up, sight deposits and cash held by the public posted the greatest contribution to growth. Private M2—seasonally adjusted—rose on average 9.8% and 7.0% in nominal and real terms, respectively, over May. Thus, the growth rate of means of payment subsided.
- In terms of GDP, monetary aggregates increased about 4 p.p. during the year, being comparable to those observed at the end of 2015, when they started to evidence a falling trend until they hit a historical low level by the end of 2019.
- Favored by the BCRA's measures seeking to safeguard natural and legal persons' savings in pesos with a minimum yield, private-sector time deposits in pesos grew by 8.1% on average in nominal terms (5.4% in real terms). By the end of May, the stock of time deposits stood at 7.1% above the levels observed before the preventive and compulsory social isolation.
- In particular, the BCRA established that, as from May 18, the minimum interest rate—70% of the monetary policy rate (26.6% APR and 30.09% EAR)—would also apply to all the private-sector time deposits in pesos, including those held by legal persons, irrespective of the amount deposited. Effective as of the same date, the Board of the BCRA decided to increase the interest rate on overnight reverse repos by 3.8 p.p. to 19%. As from June, it further confirmed that the minimum interest rate for private sector deposits in pesos would be 79% of the interest rate on LELIQs—30.02% APR and 34.52% EAR—allowing financial institutions to increase their LELIQ surplus by 18% depending on the deposits they may capture at that rate.
- Driven by business financing, loans in pesos to the private sector posted a monthly expansion of 4.7% in nominal and seasonally-adjusted terms (2.1% at constant prices). Even though the growth in May was moderate against that in April, it yet stands out among the highest in the last few years.
- The BCRA went on adopting measures to support MSMEs. In this sense, it extended the deduction on minimum cash requirements for those institutions that provide financial aid through the *PyME Plus Credit Line* (credit line for SMEs) to companies having obtained no other credit lines. In turn, under the main line, \$217.58 billion were channeled to MSMEs and health service providers at interest rates lower than 24%, out of which \$7.00 billion were granted to health service providers. The *Zero Percent Credit Line* is another line recently launched to relieve the financial burden of self-employed workers whether or not under a simplified tax scheme. In May, 286,051 loans were granted (about 16,000 credit lines per day) for a total amount of \$35.86 billion, out of which \$11.62 billion have already been disbursed.

*The closing date for statistics in this report was June 4, 2020.
All figures are provisional and subject to review.*

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2. Monetary Aggregates

In May, the private M3 broad monetary aggregate¹ moderated its expansion, after hitting a historical record in April. It grew by 7.9% s.a. on average in nominal terms this month, which means a 5.2% growth in real terms². As opposed to the previous month, all its components reported an increase but sight deposits and cash held by the public posted the greatest contribution to growth. The average monthly rise of private M2³—seasonally adjusted—was 9.8% and 7.0% in nominal and real terms, respectively. Thus, the growth rate of means of payment subsided (see Chart 2.1).

In terms of GDP⁴, monetary aggregates increased about 4 p.p. during the year, standing at similar values than those observed at the end of 2015, when they started to evidence a falling trend until they hit a historic low by the end of 2019 (see Chart 2.2).

Chart 2.1

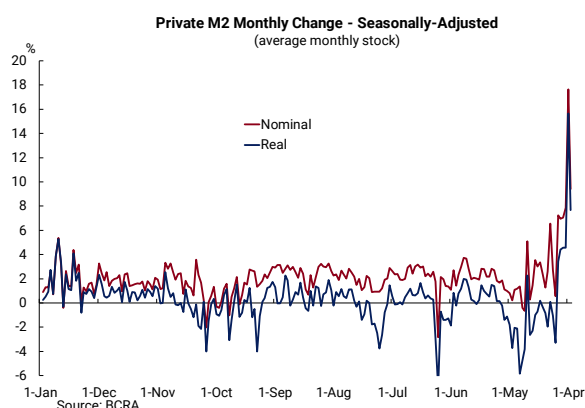
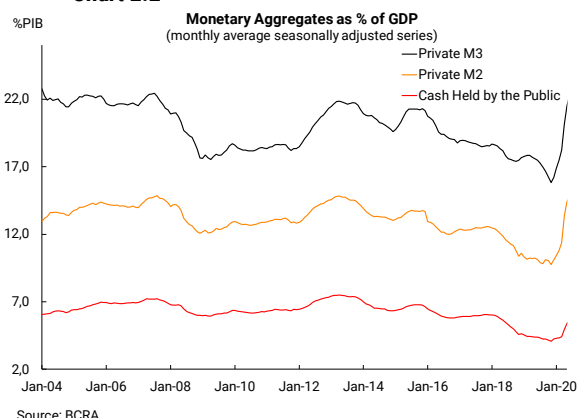


Chart 2.2



As for private M2, sight deposits exhibited a seasonally-adjusted rise of 9.8% in nominal terms, and 7.1% adjusted by the expected inflation rate. During May, the payment of the emergency family bonus (known as IFE) went on exerting an impact on this monetary aggregate⁵. Such bonus is one of the measures adopted by the National Government in order to protect the income of the most vulnerable sectors in the presence of the health emergency. The transfer of these funds to private-sector savings deposits—in addition to individuals' preference for more liquid assets, especially in times of uncertainty—resulted in a modest fall of sight deposits as from the first week of May against previous years. Despite an increase in sight deposits observed on the third week of May—when they usually decrease—, private M2 aggregates later resumed their expected falling seasonal trend (see Chart 2.3). In turn, cash held by the public exhibited a steady growth during the first weeks of May, remaining fairly stable afterwards with no sign of fall as expected by mid-month (see Chart 2.4). Thus, it posted an average monthly increase of 10.3% and 7.5% in nominal and real terms,

¹ It includes cash held by the public and deposits in pesos from the non-financial private sector.

² All variables in real terms have been deflated on the basis of core inflation expectations for May in line with the REM, according to April's survey.

³ It includes cash held by the public and sight deposits in pesos from the non-financial private sector.

⁴ The aggregate/GDP ratios have been calculated on the basis of a 12-month moving average of GDP.

⁵ Aimed at unemployed individuals, informal workers, self-employed workers covered by the lowest tax scheme categories and household employees (Decree No. 310/2020).

respectively. Several factors have contributed to its growth. On the one hand, IFE's beneficiaries usually spend their bonus at the utmost and, on the other, demand for money may remain high for prudential reasons as long as the pandemic lasts.

Chart 2.3

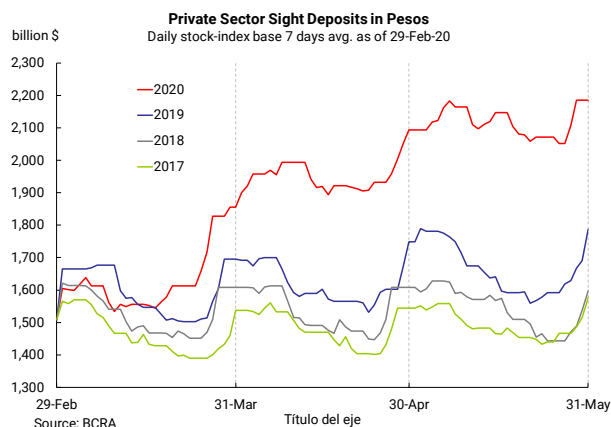
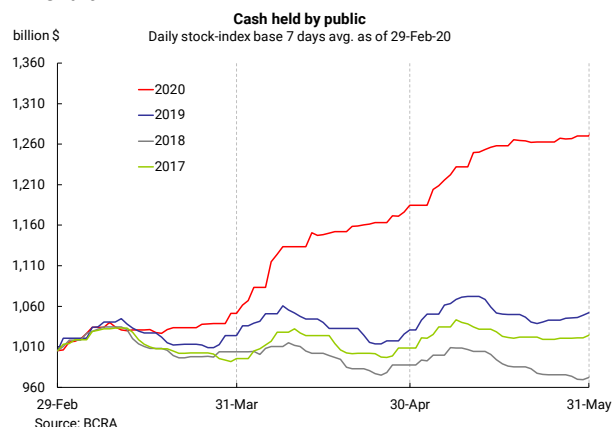


Chart 2.4



Favored by the measures that the BCRA adopted to safeguard natural and legal persons' savings in pesos with a minimum yield (see section on Interest Rates), time deposits in pesos to the private sector grew by 8.1% on average in nominal terms (5% in real terms). The accumulated growth between the end of May and April 30 was \$135.85 billion (9.3%), consolidating 70% of such growth as from May 18, when the minimum interest rate started to apply to all the private sector time deposits in pesos with no amount limit⁶. Thus, by the end of May, the stock of time deposits stood at 7.1% above the levels observed before the period of preventive and compulsory social isolation (see Chart 2.5). Sorted out by amounts, the monthly rise was mainly explained by deposits over \$20 million made through financial service providers and companies to the greatest extent (see Chart 2.6).

In particular, UVA time deposits, which also ensure a positive yield in real terms, recorded an average monthly climb of 14.1% in nominal terms boosted by early-payment deposits. Early-payment deposits ended May with an average stock of nearly \$28 billion, more than twice April's stock. On the contrary, traditional deposits recorded a 7.6% fall over May.

Chart 2.5

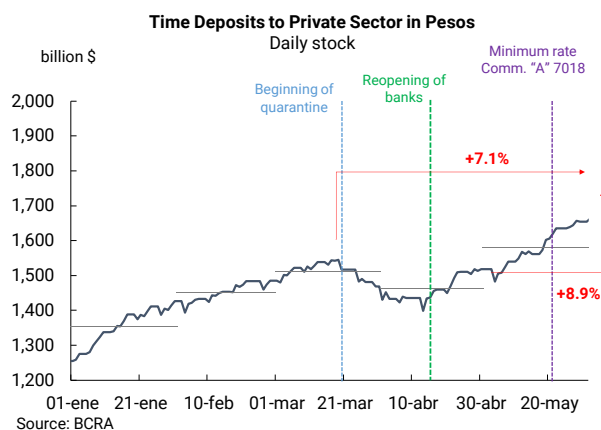
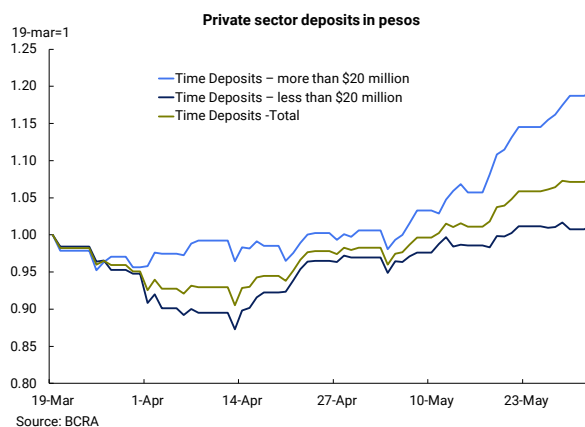


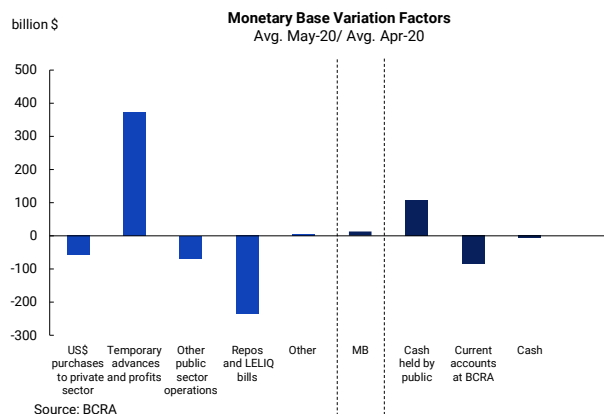
Chart 2.6



⁶ Communication "A" 7018.

In turn, the monetary base showed a slight improvement in May: 0.6% (\$13.20 billion) on average. The main expansion factor was the financing to the National Treasury through temporary advances and profit transfers, while the National Government is adopting several measures to tackle the crisis in the presence of the health emergency. Part of this expansion was sterilized through reverse repos and LELIQs. Net sales of dollars and some transactions with the public sector also caused the monetary base to shrink (see Chart 2.7).

Chart 2.7

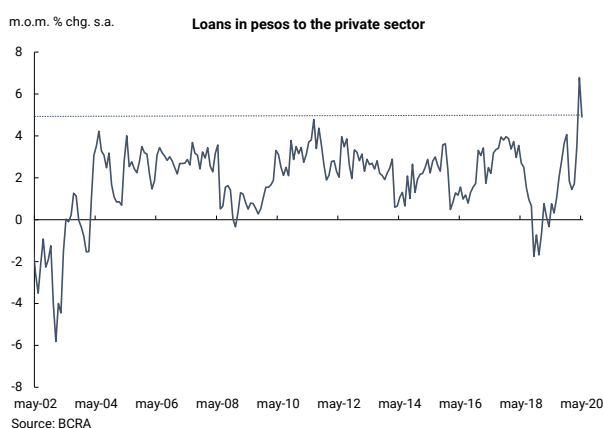


Last, deposits in dollars decreased over May. By the end of May, the stock of these deposits stood at US\$16.85 billion, down 5.1% against the end of April. However, they are still much above the minimum observed at the beginning of 2014.

3. Loans to the Private Sector

In May, loans in pesos to the private sector posted a monthly expansion of 4.7% in nominal and seasonally-adjusted terms (2.1% at constant prices). Even though the growth in May was moderate against that in April, yet this interest rate stands among the highest of the last years (see Chart 3.1). The monthly growth of loans in pesos was mainly due to the evolution of business financing. This

Chart 3.1



way, total financing in pesos accumulated a s.a.15.8% growth in nominal terms (real 7.7%) and 39.5% (real -5,6%) against the same period of the previous year.

Demand for business financing remained linked to the companies' demand for money to face the payment of wages and maintain working capital. Unlike April, more sectors could resume their business activities as a result of a relaxation in the preventive and compulsory social isolation⁷.

Indeed, business credit lines recorded a 14.0% s.a. monthly expansion, which explain the aggregate growth of loans over the month. Thus, these lines posted a y.o.y. expansion of 111% in May, remained as heterogeneous as in April, and were mainly channeled through unsecured promissory

⁷ Decree No. 459/2020. This regulation entitles local authorities to allow companies to resume activities following appropriate protocols in districts or administrative areas that comply with certain epidemiologic and health requirements, except for Greater Buenos Aires and the Autonomous City of Buenos Aires (Metropolitan Area of Buenos Aires, AMBA), where the virus persists to a greater extent.

notes (see Chart 3.2). The latter posted a seasonally-adjusted nominal rise of 31.6%, over 30% for the second month in a row, with a 90% climb since March. Discounted notes started to gain momentum for the fifth consecutive month, but its growth was substantially lower than that of unsecured promissory notes. In turn, overdrafts showed certain stability over May.

In May, the BCRA went on adopting measures to support MSMEs. At the beginning of the month, the BCRA extended the deduction on minimum cash requirement for those institutions that grant loans to MSMEs at a maximum 24% interest rate, provided that they have not been reported to the Debtors' Database of the Financial System, i.e., they

Chart 3.2

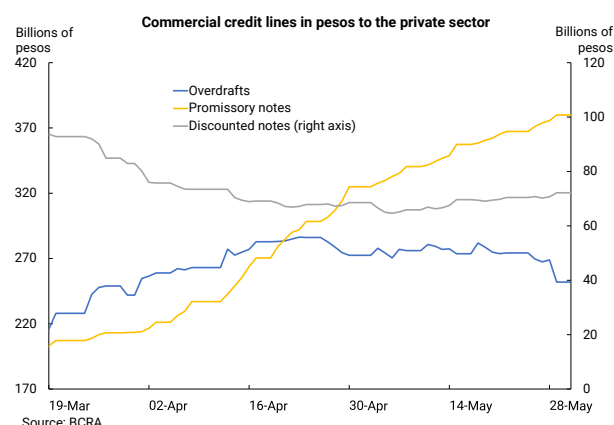
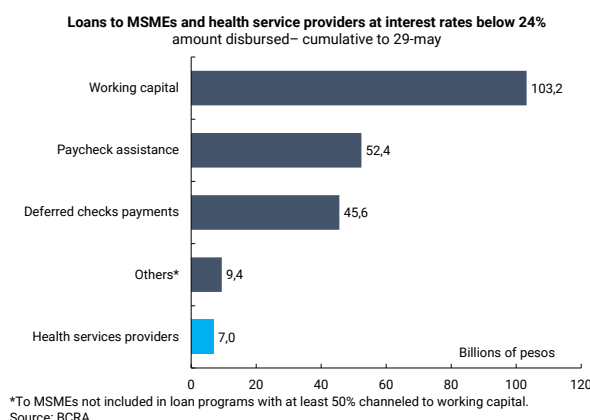


Chart 3.3



have obtained no loans from financial institutions (see section on Liquidity of Financial Institutions)⁸. This credit line, called *PyME Plus Credit Line*, was channeled to MSMEs and health service providers accumulating disbursements for \$217.58 billion at interest rates lower than 24%. Only \$7.00 billion of this amount stood for health service providers. The rest, which corresponds to financing to MSMEs, was distributed as follows: 49% to working capital (excluding wages), 25% to the payment of wages, and the remaining 26% to other purposes (see Chart 3.3). In May, financing reached a daily

average of \$4 billion. As of the last day of May, \$18 billion were approved but not yet disbursed, and \$11.60 billion were still to be approved.

⁸Communication "A" 7006.

The *Zero Percent Credit Line* is another line recently launched to relieve the financial situation of self-employed workers whether or not under a simplified tax scheme⁹. In May, 286,051 loans were granted (about 16,000 credit lines per day) for a total amount of \$35.86 billion (see Chart 3.4). As the loans granted under this credit line are deposited in a three-month period, only \$11.62 billion have already been credited. In the same period, institutions issued 79,845 debit cards for deposits in compliance with the regulation that requires them to do so where their clients have no debit cards.

Chart 3.4

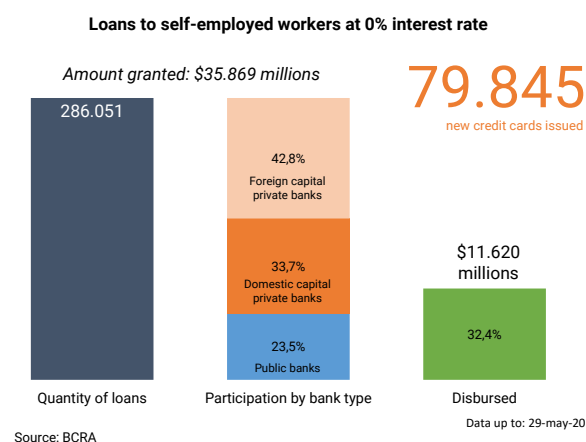
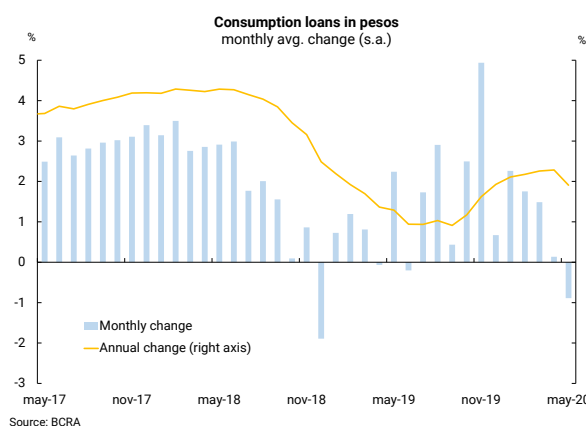


Chart 3.5



As regards the loans mostly associated with consumption, both financing on credit cards and personal loans contracted in May unlike the way they performed in the last few years (see Chart 3.5). This behavior might be associated with a heavy contraction of income and consumption in households during lockdown. In particular, credit cards recorded a 0.3% fall in May, in spite of the measures adopted by the government to relieve families of their financial burden and to favor consumption on cards¹⁰. In turn, personal loans also decreased in May (0.9%).

As regards loans with real property collateral, pledge-backed loans posted a monthly drop of 2.1% in nominal and seasonally-adjusted terms, accumulating 21 months with no positive changes, and down 19.2% y.o.y. The performance of these lines for the purchase of vehicles was meager, standing 43% below the level reported a year ago, in spite of a modest recovery of sales in car shops. In turn, mortgage-backed loans went down once again by 0.4% monthly, in nominal and seasonally-adjusted terms, which entails a y.o.y. zero growth in nominal terms. Due to the ongoing lockdown, the number of deeds of sale stood at a historic low, but above the seven deeds reported in CABA in April¹¹.

Finally, private sector foreign currency loans went on decreasing. They posted a monthly drop of 7.4% (US\$640 million), accumulating a 49.7% contraction since last July (highest level of the series).

⁹ Even though the deadline for requesting this credit line was May 31, the Federal Administration of Public Revenues (Administración Federal de Ingresos Públicos, AFIP) has recently decided to extend this term until June 30.

¹⁰ Unpaid balances falling due at the end of April were refinanced in twelve installments (with a three-month grace period), and new markets were included in the *Ahora 12* Plan with a maximum interest rate of 43% APR.

¹¹ Data published by the Association of Notaries Public of the City of Buenos Aires.

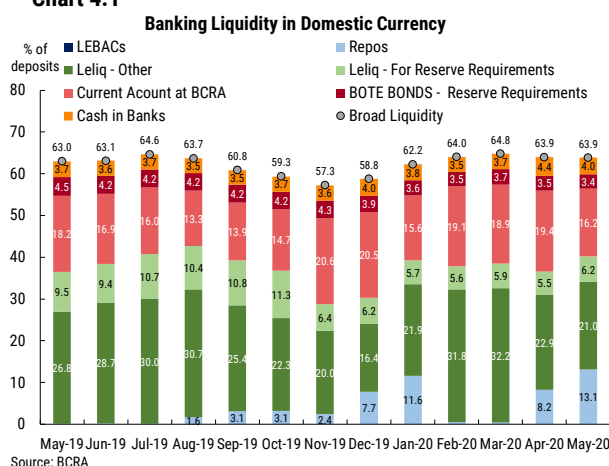
<https://www.colegio-escribanos.org.ar/index.php/category/estadisticas-de-escrituras/>

This contraction of loans in dollars was virtually explained by the behavior of financing through unsecured promissory notes.

4. Liquidity of Financial Institutions

During May, the bank liquidity in domestic currency (current accounts with the BCRA, cash holdings in banks, arranged repo stocks with the BCRA, holdings of LELIQs, holdings of NOCOMs, and the bond admitted to comply with the minimum reserve requirements) reported a slight decrease to average 63.9% of deposits (see Chart 4.1). However, there were changes in the components of bank liquidity, which can be explained by the regulatory changes made by the BCRA within the framework of the health emergency.

Chart 4.1



As regards current accounts of financial institutions with the Central Bank, they posted a 3.2 p.p. fall in May as a result of several factors. In the first place, the BCRA removed the minimum reserve requirements for money market funds as from the end of April¹². In the second place, it introduced a new minimum cash exemption for 40% of the loans granted to MSMEs at a maximum 24% interest rate, provided that the borrowers have not been reported to the Debtors' Database of the Financial System¹³. In the third place, as from May 18, financial institutions may allocate LELIQs to comply with all their minimum cash requirements in pesos of deposits and term investments (except for allocations with National Treasury Bonds)¹⁴. This regulation contributed towards a fall of current accounts, counterbalanced by an increase of LELIQs for compliance purposes. In the fourth place, as from May 11, banks must reduce their LELIQ surplus by an additional 1% against their surplus as of March 19. As a consequence, the stock of LELIQs and LELIQs used for other purposes fell; on the contrary, net repos went up. In turn, cash in banks decreased by 0.4 p.p. in May, after a steep rise reported in April.

In addition, the compliance with minimum cash requirements can be met with National Treasury Bonds in pesos at a fixed interest rate maturing in May, 2022¹⁵. Given such bonds were traded by the end of May, the result over the components of bank liquidity will have an impact in June. Last, it is worth noting that, as from June, financial institutions will be able to increase their LELIQ surplus by 18% of the deposits they capture at a 79% minimum rate of LELIQs, which will also have an impact in June¹⁶.

¹² Communication "A" 6992.

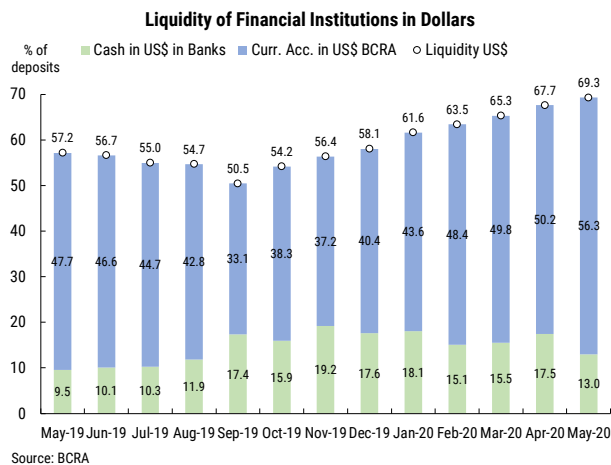
¹³ Communication "A" 7006.

¹⁴ Communication "A" 7018.

¹⁵ Communication "A" 7016.

¹⁶ Communication "A" 7027.

Chart 4.2



In the foreign currency segment, bank liquidity (current accounts with the BCRA and cash holdings in banks) went on rising to average 69.3% of deposits, in a context of reduced loans in dollars as well as deposits (see Chart 4.2). Thus, financial institutions' high liquidity allows them to face private sector's deposit withdrawals without major difficulties.

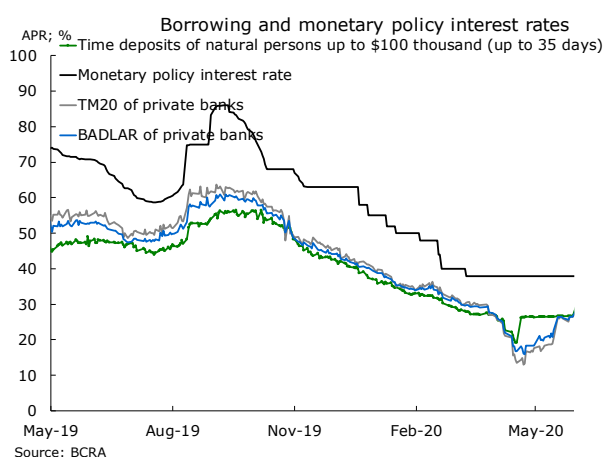
5. Interest Rates

Borrowing interest rates on time deposits showed the impact of the measures adopted by the BCRA to encourage saving in pesos, seeking to ensure a positive yield in real terms to households and companies. In this sense, during the first half of the month, the BCRA set a minimum interest rate for natural persons' deposits of up to \$4 million and¹⁷, and as from May 18, the minimum interest rate also applied to all the private sector time deposits in pesos, including legal persons, regardless of the amount deposited¹⁸.

As from May 18, the Board of the BCRA decided to increase the interest rate on overnight reverse repos by 3.8 p.p. to 19% APR.

Thus, borrowing interest rates on deposits for the retail segment remained at the minimum rate level throughout May, 70% of the monetary policy rate, which equaled 26.6% APR and 30.1% EAR. In the wholesale segment, interest rates showed an upward trend during the first half of the month, reaching a 26.6% minimum interest rate since May 18. In particular, the private banks' TM20—interest rate for time deposits of \$20 million or over, with a 30-35-day term—grew by 8.8 p.p. against the figure reported in April. In turn, the private banks' BADLAR rate—interest

Chart 5.1

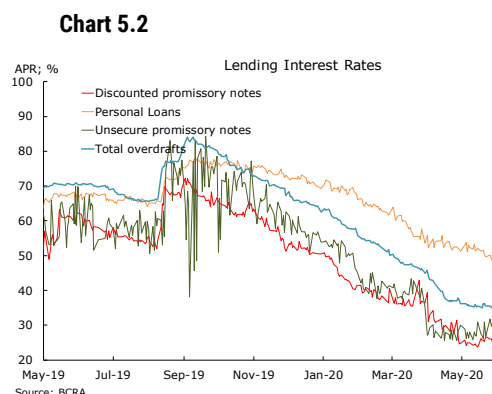


¹⁷Communication "A" 7000.

¹⁸Communication "A" 7018.

rate on time deposits of \$1 million or more, and at 30 to 35 days—revealed an 8.1 p.p. against April 30 (see Chart 5.1).

It is worth noting that, as from June, the minimum interest rate will be 79% of the monetary policy rate (30.02% APR and 34.52% EAR), allowing financial institutions to increase their holdings of LELIQs depending on the deposits they capture at such rate (see section on Liquidity of Financial Institutions)¹⁹.



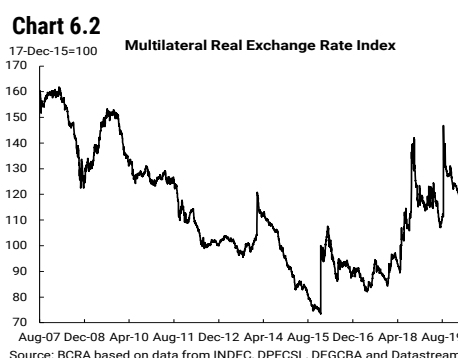
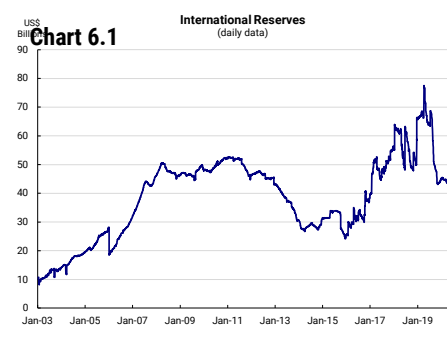
In May, most lending interest rates declined on average, showing the impact of credit lines at 24% subsidized interest rates on business financing. Likewise, the interest rate on discounted documents stood at 25.2%, down 4.8 p.p. against April, whereas the interest rate on unsecured promissory notes remained relatively stable at 28.7%. As to the interest rate on total overdrafts, it averaged 35.5%, showing a monthly decline of 3.8 p.p. against April. Last, the interest rates on personal loans reached 50.8%, down 2 p.p. against April's average (see

Chart 5.2).

6. International Reserves and Foreign Exchange Market

International reserves at the BCRA ended May with a stock of US\$42.58 billion, resulting in a decrease of US\$980 million against the end of April (see Chart 6.1). The BCRA was a net seller of foreign currency for US\$711 million during May. While there was an additional fall of about US\$400 million for payments to international organizations, the stock of minimum cash requirements increased around US\$350 million.

Between end of April and end of May, the \$/US\$ nominal exchange rate increased 2.5%, ending May at 68.53. In turn, the multilateral real exchange rate exhibited a slight depreciation and stood at 114.1 by the end of May, after remaining fairly stable since mid-March (see Chart 6.2).



¹⁹ This regulation is compulsory for all financial institutions belonging to Group A and foreign bank branches classified as systemically important, while it is optional for all other institutions. See Communication "A" 7027.

7. Monetary and Financial Indicators

Figures in millions, expressed in their original currency.

Main monetary and financial system figures	Monthly average				Average change in percentage	
	May-20	Apr-20	Mar-20	May-19	Monthly	Last 12 months
Monetary base	2,181,264	2,168,039	1,941,048	1,342,639	0.6%	62.5%
Currency in circulation	1,430,270	1,330,994	1,179,646	823,540	7.5%	73.7%
Held by public	1,245,831	1,139,145	1,031,977	717,812	9.4%	73.6%
Held by financial entities	184,438	191,848	147,669	105,727	-3.9%	74.4%
Settlement check	0.3	0.3	0.3	0.3	0.0%	0.0%
BCRA current account	750,994	837,046	761,402	519,099	-10.3%	44.7%
BCRA Repos stock						
Reverse repos	609,530	359,478	17,612	4,431	69.6%	13657.5%
Repos	0	0	0	0	0.0%	0.0%
LELIQ stock (in face value)	1,261,107	1,229,920	1,517,923	1,033,700	2.5%	0
International Reserves	43,084	43,735	44,263	67,701	-1.5%	-36.4%
Private and public sector deposits in pesos ⁽¹⁾	4,602,808	4,279,545	3,936,171	2,821,625	7.6%	63.1%
<u>Private sector deposits</u>	<u>3,811,719</u>	<u>3,564,944</u>	<u>3,240,136</u>	<u>2,205,398</u>	<u>6.9%</u>	<u>72.8%</u>
Current account ⁽²⁾	986,102	897,911	765,571	423,722	9.8%	132.7%
Savings account	1,129,576	1,054,248	867,791	535,217	7.1%	111.1%
Not CER-adjustable time deposits	1,527,591	1,403,143	1,453,263	1,149,652	8.9%	32.9%
CER-adjustable time deposits	52,980	57,348	57,053	30,345	-7.6%	74.6%
Other deposits ⁽³⁾	115,469	152,294	96,459	66,463	-24.2%	73.7%
<u>Public sector deposits</u>	<u>791,089</u>	<u>714,601</u>	<u>696,035</u>	<u>616,228</u>	<u>10.7%</u>	<u>28.4%</u>
Private and public sector deposits in dollars ⁽¹⁾	19,615	20,513	20,724	34,978	-4.4%	-43.9%
Loans to private and public sector in pesos ⁽¹⁾	2,155,656	2,077,361	1,961,626	1,540,282	3.8%	40.0%
<u>Loans to private sector</u>	<u>2,113,560</u>	<u>2,019,976</u>	<u>1,897,659</u>	<u>1,517,016</u>	<u>4.6%</u>	<u>39.3%</u>
Overdrafts	309,295	305,557	244,022	146,839	1.2%	110.6%
Promissory bills	442,021	352,252	308,928	224,576	25.5%	96.8%
Mortgages	212,331	212,933	213,227	212,461	-0.3%	-0.1%
Pledge-backed loans	71,690	73,057	74,810	88,650	-1.9%	-19.1%
Personal loans	400,290	405,376	408,212	423,207	-1.3%	-5.4%
Credit cards	550,774	561,928	567,134	376,298	-2.0%	46.4%
Other loans	127,158	108,874	81,325	44,984	16.8%	182.7%
<u>Loans to public sector</u>	<u>42,096</u>	<u>57,385</u>	<u>63,968</u>	<u>23,266</u>	<u>-26.6%</u>	<u>80.9%</u>
Loans to private and public sector in dollars ⁽¹⁾	8,199	8,840	9,363	15,924	-7.3%	-48.5%
Total monetary aggregates ⁽¹⁾						
M1 (currency held by public + settlement check in pesos+ current account in pesos)	2,505,801	2,285,386	2,031,774	1,343,229	9.6%	86.6%
M2 (M1 + savings account in pesos)	3,681,999	3,399,179	2,969,514	1,931,384	8.3%	90.6%
M3 (currency held by public + settlement check in pesos + total deposits in pesos)	5,848,640	5,418,690	4,968,147	3,539,438	7.9%	65.2%
M3* (M3 + total deposits in dollars + settlement check in foreign currency)	7,178,983	6,768,190	6,280,990	5,111,850	6.1%	40.4%
Private monetary aggregates						
M1 (currency held by public + settlement check in pesos + priv.current account in pesos)	2,231,934	2,037,057	1,797,547	1,141,534	9.6%	95.5%
M2 (M1 + private savings account in pesos)	3,361,510	3,091,305	2,665,338	1,676,751	8.7%	100.5%
M3 (currency held by public + settlement check in pesos + priv. total deposits in pesos)	5,057,551	4,704,090	4,272,113	2,923,210	7.5%	73.0%
M3* (M3 + private total deposits in dollars + settlement check in foreign currency)	6,224,407	5,893,481	5,428,986	4,295,833	5.6%	44.9%

Explanatory factors	Average Change							
	Monthly		Quarterly		YTD 2020		Last 12 months	
	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾	Nominal	Contribution ⁽⁴⁾
Monetary base	13,224	0.6%	321,240	17.3%	447,191	25.8%	838,625	62.5%
Foreign exchange purchases with the private sector	-58,881	-2.7%	-48,247	-2.6%	13,436	0.8%	-253,973	-18.9%
Foreign exchange purchases with the NT	0	0.0%	0	0.0%	-9,423	-0.5%	-84,165	-6.3%
Temporary Advances and Profit Transfers	371,970	17.2%	794,582	42.7%	970,510	56.0%	1,398,714	104.2%
Other public sector operations	-68,757	-3.2%	-114,735	-6.2%	-94,851	-5.5%	-128,381	-9.6%
Sterilization (Repos and LELIQ)	-235,851	-10.9%	-310,803	-16.7%	-430,914	-24.8%	-107,655	-8.0%
Others	4,744	0.2%	444	0.0%	-1,567	-0.1%	14,085	1.0%
International Reserves	-651	-1.5%	-1,647	-3.7%	-1,269	-2.9%	-24,617	-36.4%
Foreign exchange market intervention	-879	-2.0%	-709	-1.6%	326	0.7%	-4,179	-6.2%
International financial institutions	-423	-1.0%	-873	-2.0%	-1,349	-3.0%	2,529	3.7%
Other public sector operations	424	1.0%	874	2.0%	1,058	2.4%	-14,808	-21.9%
Dollar liquidity requirements	741	1.7%	801	1.8%	2,657	6.0%	-5,662	-8.4%
Others (incl. change in US\$ market value of nondollar assets)	-514	-1.2%	-1,740	-3.9%	-3,960	-8.9%	-2,497	-3.7%

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.

Sources: BCRA Accounting Department and SISCEN Informative Regime.

Minimum Cash Requirement and Compliance

	May-20	Apr-20	Mar-20
Domestic Currency	% of total deposits in pesos		
Requirement	25.7	27.5	28.4
Compliance in current account	16.2	19.4	18.9
Compliance in Leliq	18.6	19.1	26.9
Compliance in BOTE	3.5	3.3	3.5
Residual time structure of term deposits used for the calculation of the requirement (1)	%		
Up to 29 days	71.9	71.9	71.9
30 to 59 days	20.0	20.0	20.0
60 to 89 days	4.7	4.7	4.7
90 to 179 days	2.6	2.6	2.6
more than 180 days	0.7	0.7	0.7
Foreign Currency	% of total deposits in foreign currency		
Requirement	24.0	24.0	24.0
Compliance (includes default application resource)	56.0	50.0	49.8
Residual time structure of term deposits used for the calculation of the requirement (1)	%		
Up to 29 days	59.2	59.2	59.2
30 to 59 days	20.9	20.9	20.9
60 to 89 days	8.3	8.3	8.3
90 to 179 days	8.8	8.8	8.8
180 to 365 days	2.7	2.7	2.7
more than 365 days	0.2	0.2	0.2

(1) Excludes judicial time deposits.

** Estimates data of September for Requirements and residual time structures.

Source: BCRA

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

Reference Interest Rates	May-20	Apr-20	Mar-20	Dec-19	May-19
BCRA Repo Interest Rates					
Overnight reverse repo	17.00	12.35	15.29	53.70	63.46
Total Repo Interest Rates					
Overnight	10.77	8.15	29.53	39.91	64.50
Repo traded volumen (daily average)	4,343	8,322	21,787	3,792	15,681
LELIQ interest rate	38.00	38.00	38.63	61.37	71.8
Foreign Exchange Market	May-20	Apr-20	Mar-20	Dec-19	May-19
Dollar Spot					
Exchange agencies	67.73	65.76	63.12	59.87	44.88
BCRA Reference	67.62	65.45	62.75	60.53	44.98
Future dollar					
NDF 1 month	71.72	68.88	65.96	64.26	46.73
ROFEX 1 month	69.73	68.34	65.86	63.75	49.71
Traded volume (all maturities, million pesos)	35,789	28,941	23,666	15,870	60,273
Real (Pesos/Real)	12.00	12.32	13.04	14.57	11.24
Euro (Pesos/Euro)	73.85	71.43	69.99	66.51	50.20
Capital Market	May-20	Apr-20	Mar-20	Dec-19	May-19
MERVAL					
Index	38,234	29,555	29,123	37,141	33,625
Traded volume (million pesos)	904	904	904	885	758
Governement Bonds (parity)					
DISCOUNT (US\$ - NY legislation)	42.52	38.68	43.68	70.24	77.90
BONAR X (US\$)	31.45	27.59	35.67	52.10	82.80
DISCOUNT (\$)	68.52	54.79	58.85	52.00	61.53
Country risk					
Spread BONAR 24 vs. US Treasury Bond	11,489	13,826	14,850	7,017	1,466
EMBI+ Argentina	2,976	3,803	3,254	2,073	922
EMBI+ Latinoamérica	624	711	606	431	575

1 Corresponds to average results of each month primary auctions.

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

Borrowing Interest Rates	May-20	Apr-20	Mar-20	Dec-19	May-19
Interbank Loans (overnight)					
Interest rate	14.07	8.03	30.14	50.09	70.31
Traded volume (million pesos)	8,172	6,914	9,399	7,385	8,257
Time Deposits					
<u>In pesos</u>					
30-44 days	23.45	21.34	28.21	40.89	50.31
60 days or more	24.04	21.95	29.32	41.26	50.45
Total TM20 (more than \$20 million, 30-35 days)					
Private Banks TM20 (more than \$20 million, 30-35 days)					
Total BADLAR (more than \$1 million, 30-35 days)	22.82	20.40	28.29	41.10	52.37
Private Banks BADLAR (more than \$1 million, 30-35 days)	23.57	20.84	29.49	41.75	52.44
<u>In dollars</u>					
30-44 days	0.77	0.80	0.82	1.56	1.28
60 days or more	0.91	1.01	1.09	2.34	1.72
Total BADLAR (more than \$1 million, 30-35 days)	0.86	0.94	0.99	1.89	1.39
Private Banks BADLAR (more than \$1 million, 30-35 days)	1.11	1.14	1.26	1.42	1.41
Lending Interest Rates	May-20	Apr-20	Mar-20	Dec-19	May-19
Stock Repos					
Gross interest rates 30 days	21.28	17.52	31.37	41.10	53.31
Traded volume (all maturities, million pesos)	35,897	44,371	43,069	18,780	3,211
Loans in Pesos ⁽¹⁾					
Overdrafts	35.08	38.63	47.48	66.45	72.75
Promissory Notes	28.70	27.94	40.01	56.99	62.18
Mortgages	25.25	28.69	30.59	47.51	56.85
Pledge-backed Loans	22.72	23.54	23.88	30.54	23.44
Personal Loans	50.80	53.06	59.70	71.63	67.01
Credit Cards	43.37	47.80	57.45	81.77	67.73
Overdrafts - 1 to 7 days - more than \$10 million	20.89	21.63	38.66	58.80	73.28
International Interest Rates	May-20	Apr-20	Mar-20	Dec-19	May-19
LIBOR					
1 month	0.19	0.68	0.91	1.75	2.44
6 months	0.63	1.07	0.95	1.90	2.57
US Treasury Bonds					
2 years	0.17	0.22	0.48	1.61	2.20
10 years	0.67	0.65	0.90	1.85	2.38
FED Funds Rate	0.25	0.25	0.80	1.75	2.50
SELIC (1 year)	3.08	3.75	4.07	4.68	6.50

(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.

8. Glossary

ANSES: Argentine Social Security Administration

APR: Annual Percentage Rate

B.P.: Basis Points

BADLAR: Interest rate on time deposits of \$1 million and over for 30-35 days.

BCRA: Central Bank of Argentina

CER: Reference Stabilization Coefficient

CNV: National Securities Commission

CPI: Consumer Price Index

EAR: Effective Annual Rate

EM: Minimum Cash Requirements

FCI: Mutual Funds

GDP: Gross Domestic Product

IAMC: Argentine Institute for Capital Markets

IRR: Internal Rate of Return

LEBAC: BCRA Bills

LELIQ: BCRA Liquidity Bills

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

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

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

MB: Monetary Base; total amount of money in circulation plus money deposited in current accounts in pesos of financial institutions held with the BCRA.

MERVAL: Buenos Aires Stock Exchange Index

MSMEs: Micro, Small and Medium-Sized Enterprises

NBFI: Non-Bank Financial Institution

NDF: Non Deliverable Forward

NOCOM: Cash Compensation Notes issued by BCRA

ON: Negotiable Obligation

p.p.: Percentage Points

ROFEX: Rosario Futures Exchange

s.a.: Seasonally-adjusted

SDR: Special Drawing Right

SISCEN: BCRA Centralized Reporting Requirement System

SMEs: Small and Medium-Sized Enterprises

TM20: Interest rate on time deposits of \$20 million and over for 30-35 days.

UVA: Units of Purchasing Power

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