

## ARGENTINA

### 1. General trends

After expanding by 2.9% in 2013, growth in the Argentine economy slowed to only 0.5% in 2014 as a result of internal and external factors. The former were related to heightened exchange-rate tensions during the first quarter, giving way to rapid currency devaluation, which dragged down the country's economic performance during the rest of 2014. The latter included the unfavourable ruling of the United States Supreme Court in the dispute over the so-called vulture funds (which further exacerbated currency strains in the third quarter), the slowdown of the Brazilian economy and the drop in the prices of the country's main exports. The government's expansionary fiscal policy mitigated these adverse factors to some extent, but did not manage to fully counteract them.

Tensions eased somewhat in the fourth quarter, when a number of measures aimed at raising the level of international reserves were implemented, including a currency swap with China. As the currency market settled in early 2015, activity in some sectors picked up. However, forecasts point towards another year of relatively low growth—around 0.5%—in which some positive factors (expectations of greater private consumption spurred by likely wage increases and the continued application of expansionary fiscal policies) will often be counteracted by negative factors (sluggish activity in Brazil, unfavourable international prices and continued uncertainty in the currency markets).

All of the demand components—except public consumption—contracted in 2014, especially investment and, to a lesser extent, private consumption, owing to real wage stagnation that was not offset by the increase in consumer credit. On the supply side, the services sector slightly outperformed the goods sector.

As worsening devaluation expectations at the end of 2013 became a reality in January 2014, inflation shot up by 9.7% in the first quarter. According to the national urban consumer price index (IPCNU), prices increased by 23.9% in 2014, which meant that the pace of inflation slowed from April onwards. Official provincial estimates averaged 39%, also reflecting a slowdown from 12.8% in the first quarter to 5.1% in the fourth.<sup>1</sup> Although inertia will continue to be a factor, inflation is expected to slow a little further, or at least hold steady, in 2015.

Despite the sharp contraction of imports, the balance-of-payments current account posted a deficit equivalent to 0.9% of GDP in 2014, owing to a fall in exports of industrial manufactures and commodities. That deficit was, however, offset by the public sector's foreign exchange inflows.

The current account balance is projected to remain negative throughout 2015, but should be offset by a capital account surplus, allowing debt repayments to be made in foreign currency without excessive loss of reserves.

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<sup>1</sup> The consumer price indices correspond to surveys carried out in Buenos Aires, Neuquén, San Luis and Tierra del Fuego.

## 2. Economic policy

Amid strong currency tensions and a fall in international reserves in early 2014, the authorities implemented a series of measures, including raising the benchmark interest rate, sharply devaluing the peso in January (which involved a year-on-year nominal devaluation of over 60% in January and 48% over the whole year) and relaxing currency controls. These measures, and others employed to stabilize the foreign exchange market, were combined with an expansionary fiscal policy, which lessened the contractionary impact on the economy and the upward pressure on interest rates.

As part of its strategy to enhance market expectations, the government reached an agreement with the Paris Club, as well as with other international creditors. Despite this, currency strains resurged in the light of the United States Supreme Court's decision to reject the Argentine appeal against the so-called vulture funds in mid-2014. Stagnation in the Brazilian economy and the fall in international commodity prices also took their toll on the external sector. Against this backdrop, the government reached a currency swap agreement with China and encouraged an increase in foreign-exchange settlements by private enterprises.

In early 2015, the government received further instalments under the currency swap agreement and issued debt in the international market in dollars. With significant foreign-currency debt repayment deadlines ahead (US\$ 14 billion for the year), the government is likely to use a further instalment of its currency swap agreement and issue new foreign-currency debt to avoid significant erosion of international reserves.

### (a) Fiscal policy

Under the government's expansionary fiscal policy in 2014, growth of primary expenditure (43.4%) outstripped that of revenue (42.5%) over the year. Were it not for the transfer of central bank profits, revenue growth would have stood at 37.3%. The primary deficit of the national public sector rose from 0.7% of GDP in 2013 to 0.9% in 2014 and the overall fiscal deficit from 1.9% of GDP in 2013 to 2.5% in 2014. Again, were it not for the transfer of central bank profits, the primary and overall deficits would have been 2.8% and 4.4%, respectively.

Primary expenditure rose mainly on the back of transfers to the private sector (59.1%) and social security benefits (33.6%). In addition to sustaining the subsidies employed to offset the cost of public services, transfers targeted the lowest-income sectors. The government expanded existing social programmes and introduced a new programme for young people, the Programme to Support Students of Argentina (PROGRESAR). Cash transfers to households were increased with a view to offsetting the rise in inflation in early 2014.

Revenue growth was attributable to higher income tax revenues (45.5%) and value added tax (VAT) receipts (33%). Social security contributions (29.5%) reflected the stagnation in employment and weaker wage growth. Import and export duties rose by 27.4% and 51.6%, respectively, owing to the higher nominal exchange rate. Consequently, the tax burden, without provincial taxes, stood at 26.5% of GDP in 2014, up from 25.2% in 2013.

Public debt stood at US\$ 198.863 billion (42.8% of GDP) in June 2014. Of this total, 57.8% consists of liabilities within the public sector, 14.9% is debt owed to multilateral and bilateral agencies, and 27.3% (equivalent to 11.7% of GDP) is privately-held public debt.

In the first quarter of 2015, primary expenditure (39.6%) expanded by more than revenue (25%), which did not include transfers of central bank profits of the same magnitude as those recorded in the first quarter of 2014. Growth in current and capital transfers to the provinces (60.5%) and social security benefits (49.1%) accounted for a large share of the expansion of primary expenditure.

National public sector tax receipts rose by 29.5% year-on-year between January and May 2015, driven by income tax (43.4%) and social security funds (34.1%). Income from economic activity saw slower growth of around 26%.

The primary and overall deficits are expected to widen as the government maintains its expansionary fiscal policy. In this context, and with the aim of servicing its debt and securing public sector domestic financing, the government could issue new securities, which would increase public debt in 2015.

### **(b) Monetary policy**

In 2014, the monetary policy rate averaged about 26.7%, over 12 percentage points higher than the average for 2013. The deposit rate (fixed-term deposits) increased from an annual average of 14.8% in 2013 to 20.8% in 2014, while the lending rate (signature loans of up to 89 days) went up by 7.7 percentage points and averaged 29.3% in 2014.

At the end of January 2014, the central bank raised the monetary policy rate (on central bank bills (LEBAC) from 70 to 111 days) to about 26%, with the aim of redirecting funds earmarked for the purchase of external assets into peso investments. The remaining interest rates followed the benchmark rate. Mid-year, a minimum interest rate was set on fixed-term personal deposits, which led to higher growth in deposits than loans. Likewise, maximum interest rates were capped for personal and secured loans, resulting in a heavy drop in lending rates in the second half of the year. The LEBAC rate held steady at around 28% until April 2014 and then fell gradually to 26.2% in March 2015.

In terms of monetary aggregates, in 2014 private sector lending was the most significant driver of monetary expansion, mainly owing to programmes to facilitate access to consumer financing, which grew faster than productive financing (30% compared with 24%). Consumer loans accounted for 46% of growth in private sector lending, commercial loans for 42% and mortgages and secured loans the remainder. Data for the first quarter of 2015 indicate that, while consumer lending maintained practically the same rate of expansion (28% year-on-year), commercial lending slowed (19% year-on-year). Public sector financing using central bank resources held steady, contributing to a 20% expansion of the monetary base. The combination of all these factors resulted in 22% year-on-year growth in the M3 aggregate, which was slower than nominal GDP, although the pace has picked up somewhat since the beginning of 2015.

### **(c) Exchange-rate policy**

The authorities implemented two different exchange-rate policies during 2014. In January, alongside the sharp devaluation of the peso (down 16% in three days) and the rise in interest rates, there was a partial relaxation of currency controls to allow individuals to purchase and hoard foreign currency<sup>2</sup> and a restriction placed on foreign currency holdings by financial institutions. However, many import control policies and certain restrictions on profit remittances remained in place.

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<sup>2</sup> Persons able to pay were authorized to buy currency for hoarding purposes in the formal market, with a monthly limit equal to 20% of income, a maximum of US\$ 2,000 and a 20% tax on top of official market prices.

In April the nominal exchange rate steadied and the gap between the official and parallel exchange rates (which had surpassed 60% in January) narrowed. International reserves, which had fallen from US\$ 30.6 billion in December 2013 to US\$ 27.7 billion at the end of January (a loss equivalent to 0.5% of GDP), amounted to US\$ 28.5 billion at the end of May 2014. In addition, the efforts made to generate favourable expectations among its foreign creditors helped to reduce the exchange-rate gap.

Exchange-rate tensions resurfaced mid-year, exacerbated by both the vulture fund conflict that disrupted access to international financing and an unfavourable foreign export market. The government prioritized international reserve stability, strengthened its bilateral relationship with China and opened a financing channel through a currency swap (with a maximum limit of US\$ 11 billion). At the same time, the government signed an agreement with exporters on the surrender of foreign exchange and issued a call for tenders for the country's 4G mobile telecommunications network, which resulted in significant foreign exchange inflows.

Reserves stood at US\$ 31.443 billion at year-end 2014, more than in 2013, thanks to a number of currency swap instalments and net purchases of foreign currency by the central bank (US\$ 5.9 billion). In April 2015, the government increased the international reserve balance by issuing US\$ 1.4 billion dollars worth of bonds in the international market (BONAR 2024), with 10-year maturities and an annual interest rate of 8.75%.

#### **(d) Other policies**

At the beginning of 2014, facing rapid price inflation, the government launched the “Precios cuidados” price-watch programme, in which the national government, supermarkets, distributors and the main suppliers undertook to control the prices on a basket of 194 products, subsequently extended to 451 products. The programme later expanded to include neighbourhood businesses and other sectors, and is expected to remain in effect throughout 2015.

Complementary policies aimed at promoting consumption and national production were also implemented. The Pro.Cre.Auto programme for the automotive sector offered loans to finance up to 90% of new vehicles at a rate of between 17% and 19% and was in effect from June 2014 to January 2015. Similarly, the “Ahora 12” programme, in effect from September 2014 to December 2015, allows for the purchase of national goods and services by credit card in 12 interest-free instalments at participating businesses. Vehicle sales through Pro.Cre.Auto accounted for about 5% of all new car sales in 2014, which, incidentally, fell by 28.7%. “Ahora 12” boosted private consumption by 3.8% between September 2014 and May 2015.

### **3. The main variables**

#### **(a) The external sector**

In 2014, exports valued in dollars fell by 11.9%, reflecting a drop of 10% in export volumes and 2.1% in prices. Imports in dollars contracted by 11.4% as volumes sank by 11.5% and prices remained unchanged. The trade surplus continued to shrink, from US\$ 8 billion in 2013 to US\$ 6.65 billion in 2014, owing mainly to a negative variation in export volumes (in all sectors of the trade balance) and, to a lesser extent, to the worsening of the terms of trade.

All export sectors posted negative variations during 2014. Primary products fell by 20%, due in large part to the 35% fall in grains. Fuels and energy dropped by 18%, owing to a 24% decline in fuels, and industrial manufactures fell by 15%, as exports of machinery, electrical appliances and ground transport materials were down by 18%. Agricultural manufactures dropped by 3%. The determining factor was weaker demand from Brazil, particularly in the case of industrial manufactures. The decisive elements in the fall in imports were the low sales of passenger vehicles (-49%) and parts and accessories of capital goods (-22%). The deficit with respect to fuels and energy widened from US\$ 5.684 billion in 2013 to US\$ 6.243 billion in 2014.

In 2014, the balance-of-payments current account deficit stood at US\$ 5.069 billion (0.9% of GDP), compared with US\$ 4.696 billion in 2013. This deterioration reflects the smaller trade surplus and the wider profits and dividends deficit. The capital and financial account yielded a surplus of US\$ 6.749 billion, which resulted in a US\$ 1.160 billion accumulation of international reserves, in stark contrast to the US\$ 11.824 billion fall in 2013. Foreign direct investment flows totalled US\$ 6.612 billion in 2014, 41% less than in 2013, owing mainly to outflows under the compensation agreement reached following the nationalization of 51% of YPF (partly offset by a rise in contributions and reinvestment of profits).

In the first quarter of 2015, exports dropped by 16% year-on-year, owing mainly to lower exports of industrial manufactures (17%) and products related to fuels and energy (58%). Imports were also down by 16%, with the largest falls in passenger vehicle sales (36%) and fuels and lubricants (58%).

#### **(b) Economic activity**

The Argentine economy grew by 0.5% in 2014, largely as a result of the 2.8% expansion of public consumption and the 12.6% drop in imports. The other demand components fell: private consumption contracted by 0.5%, gross domestic investment by 5.6% and exports by 8.1%.

The performance of production was varied. The services sector expanded by 0.5%, led by growth in financial intermediation (11%), education and health (2.6%), and hotels and restaurants (2.6%). The commerce sector contracted by 3.6%. Goods production improved slightly (0.1%) as the contraction in manufacturing (1.3%) and construction (0.7%) was offset by a 4.3% expansion of agricultural production.

Signs of improvement were seen in the first quarter of 2015. According to the monthly economic activity estimator (EMAE), the economy grew by 1.1% year-on-year, and by 0.3% over the previous seasonally adjusted quarter. In the same period, the monthly indicator of industrial activity (EMI) fell by 1.9% year-on-year (down by 0.2% on the previous quarter), while the synthetic indicator of construction activity (ISAC) rose by 5.3% year-on-year (0.7% over the previous quarter) and an increase in agricultural production is expected, after a record-breaking harvest. Commerce also seemingly experienced an upturn in the first months of the year, as reflected in increased supermarket and mall sales.

#### **(c) Prices, wages and employment**

After years of inertia, the devaluation of the peso drove up inflation at the beginning of 2014, and it remained well above the regional average for the year. According to official IPCNU figures, cumulative inflation stood at 21.7% in 2014, while the implicit price index of private consumption rose by 26.5%. As mentioned above, other official estimates by provincial statistical offices showed even greater hikes in consumer prices.

In the first four months of 2015, falling inflation was reflected in both the cumulative rise of the IPCNU (4.5%) and in the official provincial estimations (7.4%).

Wages, as measured by the wage index of the National Institute of Statistics and Censuses (INDEC), posted a year-on-year increase of 32.8% in 2014. Public sector wages grew faster than those of the private sector (33.8% as against 30.4%), while non-documented workers' wages rose by 39%. Although wage negotiations are ongoing, there are indications that an increase of between 25% and 30% can be expected in 2015. If prices continue along their current trajectory and inflation continues to slow, real wages could recover in 2015. The minimum wage stood at 4,716 pesos in January 2015, 31% higher than in January 2014. Having risen by 17.2% in September 2014 and 18.3% in March 2015, pension benefits posted a cumulative year-on-year increase of 38.6% in March 2015.

The unemployment rate was 6.9% in the last quarter of 2014, up slightly from 6.4% in the year-earlier period. The participation rate fell from 45.6% to 45.2% over the same period and the employment rate also contracted from 42.7% to 42.1%. In the first quarter of 2015, the unemployment rate rose to 7.1%, matching the rate in the same quarter in 2014.

In May 2014, Congress passed a bill, sponsored by the executive branch, which aims to raise formal employment levels by reducing employer contributions for micro-enterprises and payroll taxes for larger businesses that create jobs.

Table 1  
**ARGENTINA: MAIN ECONOMIC INDICATORS**

	2006	2007	2008	2009	2010	2011	2012	2013	2014 a/
	<b>Annual growth rates b/</b>								
Gross domestic product	8.4	8.0	3.1	0.1	9.5	8.4	0.8	2.9	0.5
Per capita gross domestic product	7.4	7.0	2.2	-0.8	8.5	7.5	-0.1	2.0	-0.4
Gross domestic product, by sector									
Agriculture, livestock, hunting, forestry and fishing	4.7	5.8	-11.3	-5.8	15.4	-3.5	-8.3	10.4	4.2
Mining and quarrying	6.7	-6.2	-2.3	5.1	7.0	-2.4	-3.3	1.4	1.8
Manufacturing	9.8	8.1	3.2	-1.6	11.4	11.5	-1.6	0.3	-1.3
Electricity, gas and water	5.7	6.1	2.3	-1.2	4.1	5.3	3.0	2.8	0.5
Construction	15.7	9.8	1.5	-3.7	5.9	9.4	-2.5	1.9	-0.7
Wholesale and retail commerce, restaurants and hotels	9.8	12.4	7.6	-2.8	14.6	15.1	1.4	2.8	-2.8
Transport, storage and communications	10.6	12.3	6.4	-0.5	10.5	8.0	1.1	3.3	1.2
Financial institutions, insurance, real estate and business services	7.3	6.7	4.6	2.8	6.3	7.7	5.5	5.4	3.3
Community, social and personal services	5.5	5.6	3.7	5.3	4.4	4.5	4.2	2.9	1.6
Gross domestic product, by type of expenditure									
Final consumption expenditure	7.4	9.0	5.1	4.0	8.0	10.1	4.5	4.3	-0.1
Government consumption	4.5	7.9	4.4	8.5	7.2	8.8	5.9	4.2	2.8
Private consumption	7.9	9.1	5.2	3.4	8.1	10.2	4.3	4.3	-0.5
Gross capital formation	17.9	15.4	6.7	-22.8	36.1	18.4	-13.7	4.9	-6.3
Exports (goods and services)	5.8	8.0	0.8	-8.7	14.4	4.9	-5.9	-4.9	-3.9
Imports (goods and services)	10.9	21.3	13.3	-19.1	34.8	22.6	-6.1	3.6	-12.6
Investment and saving c/	<b>Percentajes of GDP</b>								
Gross capital formation	20.9	22.2	21.0	16.1	19.1	19.7	17.0	18.5	19.6
National saving	23.8	24.5	22.6	18.3	18.8	19.1	16.8	17.8	18.7
External saving	-2.9	-2.2	-1.6	-2.2	0.3	0.7	0.2	0.8	0.9
Balance of payments	<b>Millions of dollars</b>								
Current account balance	7,768	7,355	6,637	8,338	-1,466	-3,713	-1,170	-4,696	-5,069
Goods balance	13,958	13,456	15,423	18,645	14,028	12,925	15,158	11,119	9,484
Exports, f.o.b.	46,546	55,980	70,019	55,791	68,187	84,051	80,246	81,660	71,935
Imports, f.o.b.	32,588	42,525	54,596	37,146	54,159	71,126	65,088	70,541	62,451
Services trade balance	-501	-513	-1,284	-1,404	-1,161	-2,247	-3,051	-3,918	-3,061
Income balance	-6,150	-5,941	-7,672	-8,955	-13,928	-13,844	-12,758	-11,027	-11,402
Net current transfers	459	353	170	52	-406	-547	-518	-871	-89
Capital and financial balance d/	6,428	4,228	-9,954	-6,991	5,623	-2,395	-2,135	-7,127	6,229
Net foreign direct investment	3,099	4,969	8,335	3,306	10,368	9,352	14,269	10,204	4,495
Other capital movements	3,329	-741	-18,289	-10,297	-4,745	-11,747	-16,404	-17,331	1,734
Overall balance	14,195	11,584	-3,317	1,346	4,157	-6,108	-3,305	-11,824	1,160
Variation in reserve assets e/	-3,529	-13,098	9	-1,346	-4,157	6,108	3,305	11,824	-1,160
Other financing	-10,666	1,515	3,309	0	0	0	0	0	0
Other external-sector indicators									
Terms of trade for goods (index: 2010=100)	89.6	92.9	105.2	100.4	100.0	106.7	106.3	100.1	97.8
Net resource transfer (millions of dollars)	-10,388	-198	-14,317	-15,947	-8,304	-16,239	-14,893	-18,154	-5,173
Total gross external debt (millions of dollars)	109,504	125,366	125,859	116,622	130,843	142,492	143,336	141,076	147,853
Employment g/	<b>Average annual rates</b>								
Labour force participation rate	60.3	59.5	58.8	59.3	58.9	59.5	59.3	58.9	58.3
Open unemployment rate	10.2	8.5	7.9	8.7	7.7	7.2	7.2	7.1	7.3
Visible underemployment rate	12.5	10.4	9.5	11.1	9.8	9.1	9.3	9.2	9.6

Table 1 (concluded)

	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Prices</b>	<b>Annual percentages</b>								
Variation in consumer prices (December-December)	9.8	8.5	7.2	7.7	10.9	9.5	10.8	10.9	23.9
Variation in wholesale prices (December-December)	7.2	14.6	8.8	10.3	14.6	12.7	13.1	14.8	28.3
Variation in nominal exchange rate (annual average)	5.2	1.3	1.5	17.9	4.9	5.6	10.2	20.4	48.3
Nominal deposit rate h/	6.5	7.9	11.1	11.8	9.4	10.8	12.1	14.8	20.8
Nominal lending rate i/	12.9	14.0	19.8	21.3	15.2	17.7	19.3	21.6	29.3
<b>Central government</b>	<b>Percentages of GDP</b>								
Total revenue	13.9	14.4	15.6	17.0	18.1	17.6	18.2	19.3	21.4
Tax revenue	13.0	13.6	14.6	14.7	15.8	16.1	16.7	17.1	18.0
Total expenditure	13.1	13.9	15.0	17.7	18.2	19.5	20.1	21.9	25.8
Current expenditure	11.0	12.1	13.2	15.5	15.7	17.1	18.0	19.1	21.5
Interest	1.4	1.7	1.7	1.8	1.3	1.8	1.7	1.2	1.9
Capital expenditure	2.1	1.8	1.8	2.2	2.4	2.4	2.1	2.8	4.3
Primary balance	2.2	2.2	2.2	1.2	1.2	-0.1	-0.1	-1.4	-2.5
Overall balance	0.8	0.5	0.6	-0.7	-0.1	-1.9	-1.9	-2.6	-4.4
Central government public debt j/	51.8	44.4	39.2	39.6	36.1	33.3	35.1	38.8	43.0
Domestic	30.5	25.3	24.3	24.8	22.7	22.0	24.4	27.2	29.9
External	21.3	19.0	15.0	14.8	13.4	11.3	10.7	11.6	13.0
<b>Money and credit</b>	<b>Percentages of GDP, end-of-year stocks</b>								
Domestic credit	16.8	13.6	12.7	13.7	17.0	19.2	22.7	25.4	25.2
To the public sector	17.8	13.8	12.3	15.0	16.3	15.8	18.9	21.3	25.8
To the private sector	10.5	11.4	11.0	11.0	11.6	13.2	14.5	15.5	14.4
Others	-11.6	-11.7	-10.6	-12.3	-11.0	-9.8	-10.7	-11.4	-15.0
Monetary base	9.9	9.7	8.5	8.4	8.6	9.1	10.6	10.6	10.1
Money (M1)	12.1	12.0	11.2	11.6	12.2	12.4	14.3	14.4	14.4
M2	24.0	22.7	20.4	21.0	22.5	23.0	26.3	26.9	26.7
Foreign-currency deposits	2.0	2.1	2.5	3.0	3.4	2.4	1.7	1.6	1.7

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

a/ Preliminary figures.

b/ Based on figures in local currency at constant 2004 prices.

c/ Based on values calculated in national currency and expressed in current dollars.

d/ Includes errors and omissions.

e/ A minus sign (-) indicates an increase in reserve assets.

f/ Annual average, weighted by the value of goods exports and imports.

g/ Urban areas.

h/ Fixed-term deposits, all maturities.

i/ Local-currency loans to the non-financial private sector, at fixed or renegotiable rates, signature loans of up to 89 days.

j/ As of 2005, does not include debt not presented for swap.



Table 2  
**ARGENTINA: MAIN QUARTERLY INDICATORS**

	2013				2014				2015		
	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	Q.3	Q.4	Q.1	Q.2	a/
Gross domestic product (variation from same quarter of preceding year) b/	1.3	5.2	3.3	1.7	0.8	0.7	-0.2	0.5	1.1	...	
Gross international reserves (millions of dollars)	41,529	38,363	36,156	31,543	27,434	28,680	28,496	29,488	31,470	33,596	c/
Open unemployment rate	7.9	7.2	6.8	6.4	7.1	7.5	7.5	6.9	7.1	...	
Employment rate	53.9	55.1	54.8	55.0	54.3	53.6	53.5	54.6	53.6	...	
Consumer prices (12-month percentage variation)	10.8	10.4	10.5	10.7	16.6	21.2	23.1	24.2	18.4	15.6	c/
Wholesale prices (12-month percentage variation)	13.2	13.2	13.8	14.3	23.0	27.3	28.6	28.9	18.0	13.8	c/
Average nominal exchange rate (pesos per dollar)	5.02	5.24	5.59	6.07	7.62	8.06	8.30	8.51	8.69	8.95	
Nominal interest rates (average annualized percentages)											
Deposit rate d/	13.2	14.2	15.2	16.7	21.0	22.0	20.0	20.3	20.3	21.1	e/
Lending rate f/	19.6	20.5	22.3	24.1	30.9	30.1	28.4	27.8	27.4	27.2	c/
Interbank rate	11.3	12.8	12.6	15.7	16.7	18.2	15.8	21.0	21.5	17.9	e/
Monetary policy rates	13.1	14.5	15.4	15.3	25.8	27.3	26.7	26.9	26.5	26.2	e/
Sovereign bond spread, Embi + (basis points to end of period) g/	1,307	1,199	1,035	808	799	724	700	719	629	631	
Risk premia on five-year credit default swap (basis points to end of period)	3,754	3,009	2,527	1,654	1,876	1,761	2,666	2,987	2,987	5,393	
International bond issues (millions of dollars)	-	-	525	500	-	1,200	-	741	1,286	2,000	
Stock price index (national index to end of period, 31 December 2005 = 100)	219	193	310	349	413	511	813	556	702	755	
Domestic credit (variation from same quarter of preceding year)	41.1	41.2	41.5	39.7	29.6	25.4	20.4	24.2	31.0	32.3	e/
Non-performing loans as a percentage of total credit	1.8	1.9	1.9	1.8	1.8	2.0	2.0	2.0	2.0	2.1	h/

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

a/ Preliminary figures.

b/ Based on figures in local currency at constant 2004 prices.

c/ Figures as of May.

d/ Fixed-term deposits, all maturities.

e/ Figures as of April.

f/ Local-currency loans to the non-financial private sector, at fixed or renegotiable rates, signature loans of up to 89 days.

g/ Measured by J.P.Morgan.