

# Evolution of the Foreign Exchange Market and the Foreign Exchange Balance

October 2021



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

# Evolution of the Foreign Exchange Market and the Foreign Exchange Balance

October 2021

## About inclusive language in the Spanish version of this report

The Central Bank of Argentina is committed to encouraging the use of a non-discriminatory language that promotes the acceptance of all gender identities. It should be noted that all those who have contributed to this report acknowledge that language influences ideas, feelings, ways of thinking, as well as principles and core values.

Therefore, efforts have been made to avoid sexist and binary language in this report.

# Contents

|         |  |   |
|---------|--|---|
| Page 6  |  | I. Introduction                                     |
| Page 7  |  | II. Result by Sector in the Foreign Exchange Market |
| Page 9  |  | III. Foreign Exchange Balance                       |
| Page 22 |  | IV. BCRA's International Reserves                   |
| Page 23 |  | V. Volumes Traded in the Foreign Exchange Market    |

## Executive Summary

The world and domestic economies are struggling to gradually recover from the health and economic effects of a profound crisis caused by the COVID-19 pandemic, with consequences on trade and capital flows at global and local levels. Over the last few months, the BCRA has been improving foreign exchange regulations in order to promote a more efficient allocation of foreign currency. In this context, financial institutions' clients sold USD258 million in the forex market. The BCRA purchased USD226 million and made net payments through the local currency payment system (SML) for USD68 million. In turn, financial institutions purchased USD100 million. The National Treasury made purchases directly from the BCRA for USD212 million.

The real sector was a net seller of foreign currency for USD916 million. Within this group, and in a context of high international agricultural product prices, the "Oilseeds and Grains" sector was the main net seller in the forex market, recording net inflows for USD2,411 million, which evidenced an increase of 83% y.o.y.

The "Real Sector excluding Oilseeds and Grains", on the other hand, was a net purchaser in the forex market with a total of USD1,495 million. The foreign currency thus purchased was mainly allocated to make payments for imports of goods and services, and to pay financial debt.

"Natural Persons" made net purchases totaling USD343 million, basically for payments on cards to non-resident suppliers (USD173 million) and for saving purposes (USD137 million).

"Institutional Investors and Others"—both residents and non-residents—made net purchases for USD180 million in October.

The foreign exchange current account, which includes flows from net exports of goods and services, as well as primary and secondary income, had a surplus of USD557 million. The surplus could be mainly explained by net inflows from "Goods" for USD1,375 million, which were partially offset by net outflows from "Services" and "Primary Income" for USD595 million and USD203 million, respectively.

The foreign exchange financial account of the "Non-Financial Private Sector" had a deficit of USD598 million in October, resulting basically from net payments of financial debt for USD505 million.

The transactions carried out under the foreign exchange financial account of the "Financial Sector" evidenced a deficit amounting to USD31 million, mainly explained by the increase of USD95 million in liquid foreign assets of financial institutions' General Exchange Position.

In October, the transactions carried out under the foreign exchange financial account of the "General Government and the BCRA" ran up a deficit of USD309 million.

During October, BCRA's international reserves fell USD94 million, totaling USD42,817 million by the end of the month.

# I. Introduction

This report analyzes information on foreign exchange transactions made in October 2021 as gathered by the Exchange Transaction Reporting System administered by the BCRA. Additionally, it relies on information on changes in BCRA's International Reserves due to transactions carried out by the BCRA on its own account or on behalf of the National Government, and on changes in the balance of institutions' foreign currency accounts at the BCRA.<sup>1</sup>

Data collected from institutions include information on every transaction conducted in the forex market by natural or legal persons (including the sector to which they belong, which agrees with the main business activity reported to AFIP (Federal Administration of Public Revenues)), amounts traded, currency denomination, and the reason for the foreign exchange transaction (heading)—such as inflows or outflows from exports or imports of goods or services, saving, and financial liabilities, as defined in the Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6).

For further information on methodological aspects of this report, please read the methodology used for compiling foreign exchange market and foreign exchange balance statistics, which is available [here on BCRA's website](#).

Should you need detailed information about the exchange rate regulations in force and the changes that have been implemented since November 2017, please see the [Consolidated Text on Foreign Trade and Exchange Regulations](#) available on BCRA's website.

Section II of this report analyzes the result of foreign exchange transactions for October; data are broken down by sector and by heading.<sup>2</sup>

Section III deals with the Foreign Exchange Balance which comprises transactions carried out by the institutions with their clients in the foreign exchange market and those carried out by the BCRA—either on its own account or on behalf of the National Government. It is worth noting that the Foreign Exchange Balance is presented in an analytical format based on the Balance of Payments broken down by component and by institutional sector. This information is published anew in 2020, allowing readers to follow-up data (which has taken again the form of an affidavit) by type of transaction. However, **the evolution of the historical series**

---

<sup>1</sup> Communication "A" 3840, as amended.

<sup>2</sup> Sectors were grouped into: "Central Bank", "Institutions", "General Government", "Oilseeds and Grains", "Real Sector excluding Oilseeds and Grains", "Natural Persons", and "Institutional Investors and Others".

For identification purposes, each sector is defined as follows: **"General Government"** stands for the so-called "Public Sector" and embraces transactions made by the National Treasury directly through its account in foreign currency held with the BCRA; **"Oilseeds and Grains"**; **"Real Sector excluding Oilseeds and Grains"** includes the following sectors: "Oil", "Food, Beverages and Tobacco", "Textile and Leather Industries", "Paper, Publishing and Printing Industry", "Chemical, Rubber and Plastic Industries", "Non-Metallic Mineral Products (Cement, Ceramics and Others)", "Common Metals and their Manufacture", "Machinery and Equipment", "Automobile Industry", "Other Manufacturing Industries", "Electricity (Generation, Transport, Distribution)", "Gas (Extraction, Transport, Distribution)", "Water", "Commerce", "Transport", "Communications", "Mining", "Agriculture and Other Primary Activities", "Construction", "Information Technology", "Gastronomy", "Entertainment" and "Tourism and Accommodation Services"; **"Financial and Foreign Exchange Institutions"** includes the sector's transactions; **"Natural Persons"** includes all natural persons within the sector "Other Non-Financial Private Sectors"; and **"Institutional Investors and Others"** includes "Insurance" as well as the rest of the "Other Non-Financial Private Sectors".

shown here should be analyzed in light of the different forex regulations in force by period (see Section B.5. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)).<sup>3</sup>

Section IV deals with the stock of international reserves by the end of the period and their evolution.

Finally, Section V deals with information on the amount traded in the foreign exchange market. This amount stands for transactions made by institutions with their clients—both gross purchases and gross sales—, transactions between institutions, and those carried out among institutions and the BCRA.

## II. Result by Sector in the Foreign Exchange Market

The world and domestic economies are struggling to gradually recover from the health and economic effects of a profound crisis caused by the COVID-19 pandemic, with consequences on trade and capital flows at global and local levels. The BCRA changed the forex market access mechanism for payments of imports of goods (Communication “A” 7375) effective as from October 6.

In this context, financial institutions’ clients sold USD258 million in the forex market. The BCRA purchased USD226 million (in addition to the net payments made through the local currency payment system (SML) amounting to USD68 million). And financial institutions purchased USD100 million. The National Treasury made purchases directly from the BCRA for USD212 million (see Table II.1).<sup>4 5 6</sup>

**Table II.1 Foreign Exchange Market**

**Result by Sector**

Equivalent in million dollars

| Result by Sector of the Foreign Exchange Market with Institutions | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Aggregate period from January to October |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
| <b>BCRA - Market</b>  | -159   | -633   | -1,372 | -1,445 | -2,083 | -766   | -714   | 154    | 956    | -226   | -6,288                                   |
| <b>BCRA - SML</b>   | 32     | 29     | 53     | 49     | 54     | 63     | 62     | 64     | 73     | 68     | 546                                      |
| <b>National Treasury</b>  | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      | -  |
| <b>Institutions</b>   | -60    | -28    | 155    | 47     | 235    | 93     | 14     | -74    | -124   | -100   | 158                                      |
| <b>Institutions' Clients (1 + 2 + 3)</b>                          | 188    | 632    | 1,164  | 1,350  | 1,794  | 611    | 637    | -144   | -905   | 258    | 5,584                                    |
| <b>1. Non-Financial Private Sector</b>                            | 280    | 990    | 1,240  | 1,397  | 2,008  | 640    | 772    | 172    | -716   | 393    | 7,176                                    |
| Oilseeds and Grains   | 2,045  | 2,121  | 3,179  | 3,267  | 3,854  | 3,603  | 3,315  | 2,693  | 2,463  | 2,411  | 28,952                                   |
| Real Sector Excluding Oilseeds and Grains                         | -1,463 | -959   | -1,669 | -1,590 | -1,678 | -2,681 | -2,297 | -2,153 | -2,636 | -1,495 | -18,622                                  |
| Natural Persons   | -277   | -157   | -175   | -152   | -179   | -241   | -229   | -289   | -326   | -343   | -2,367                                   |
| Institutional Investors and Others                                | -26    | -14    | -96    | -127   | 11     | -41    | -17    | -79    | -217   | -180   | -788                                     |
| <b>2. General Government (National Treasury Excluded)</b>         | -79    | -303   | -66    | -38    | -175   | -26    | -125   | -304   | -171   | -64    | -1,351                                   |
| <b>3. Institutions (Own Transactions)</b>                         | -13    | -55    | -10    | -10    | -38    | -4     | -10    | -13    | -18    | -71    | -240                                     |
| <b>National Treasury Directly with the BCRA</b>                   | -      | -456   | -365   | -151   | -497   | -210   | -841   | -537   | 4,014  | -212   | 745                                      |

Note: (+) Net sales; (-) Net purchases

Source: BCRA

The following table is intended to analyze the purchases and sales carried out through institutions in the forex market. For readers’ convenience, each sector’s net foreign exchange result analyzed in this report is

<sup>3</sup> The Central Bank’s website ([www.bkra.gov.ar](http://www.bkra.gov.ar)) contains different statistical series of the Foreign Exchange Market (to access statistical series, [click here](#)), together with an annex broken down by sector and main headings (to access the statistical Annex of the foreign exchange balance [click here](#)). In addition, the “Main differences between the balance of payments and the foreign exchange balance” are available [here](#). The results in this section are broken down by the main sectors trading in the forex market in order to set net purchasers apart from net sellers.

<sup>4</sup> Information on the local currency payment system (SML) of this report has been drawn from the Exchange Transaction Reporting System (RIOC) and reported by transaction date. For more information, see the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)

<sup>5</sup> Transactions in the forex market are reported according to their transaction date, except for the purchase and sale of securities payable in foreign currency.

<sup>6</sup> The result by sector excludes purchases of foreign currency to pay card bills for expenses incurred abroad for an amount of USD137 million. These payments of local debts in foreign currency do not imply a net demand in the whole system, made up by the institutions and the BCRA.

arranged in horizontal reading direction, and each heading’s net result—as informed by the institutions to the BCRA—is displayed vertically. The result of forex transactions in pesos and in foreign currency may be set apart from the result of self-to-self international transfers (transfers of foreign currency to accounts abroad in October). (See Table II.2).<sup>7</sup>

**Table II.2 Foreign Exchange Market**  
**Result of Institutions’ Transactions with Clients. October 2021**  
 Equivalent in million dollars

| Sector/Main Headings                                   | Goods        | Travel and Passenger Transport, and Other Expenses Paid with Cards | Remaining Services and Other Current Transfers | Foreign Assets - Banknotes | Foreign Assets - Foreign Currency | Net Self-to-Self International Transfers | Debt, FDI, Portfolio, and Other Transactions | Total      |
|--|--------------|--|--|----------------------------|-----------------------------------|--|--|------------|
| <b>Non-Financial Private Sector</b>                    | <b>1,495</b> | <b>-263</b>  | <b>-462</b>                                    | <b>-118</b>                | <b>-4</b>                         | <b>-41</b>                               | <b>-214</b>                                  | <b>393</b> |
| Oilseeds and Grains                                    | 2,456        | 0  | 1  | 0                          | 0                                 | -1                                       | -46  | 2,411      |
| Real Sector Excluding Oilseeds and Grains              | -830         | -57  | -451   | 9                          | 16                                | -22                                      | -161   | -1,495     |
| Natural Persons  | -29          | -173   | 12   | -137                       | -19                               | 9  | -5   | -343       |
| Institutional Investors and Others                     | -102         | -33  | -24  | 11                         | -2                                | -27                                      | -2   | -180       |
| <b>General Government (National Treasury Excluded)</b> | <b>-106</b>  | <b>0</b>   | <b>-59</b>                                     | <b>114</b>                 | <b>0</b>                          | <b>-2</b>                                | <b>-11</b>                                   | <b>-64</b> |
| <b>Institutions (Own Transactions)</b>                 | <b>-14</b>   | <b>-2</b>  | <b>-4</b>                                      | <b>0</b>                   | <b>0</b>                          | <b>0</b>                                 | <b>-51</b>                                   | <b>-71</b> |
| <b>Institutions’ Result with Clients</b>               | <b>1,375</b> | <b>-265</b>  | <b>-524</b>                                    | <b>-4</b>                  | <b>-4</b>                         | <b>-43</b>                               | <b>-276</b>                                  | <b>258</b> |
| <b>Result for Forex Transactions</b>                   | <b>1,372</b> | <b>-265</b>  | <b>-522</b>                                    | <b>-4</b>                  | <b>-4</b>                         | <b>0</b>                                 | <b>-318</b>                                  | <b>258</b> |
| <b>Result for Self-to-Self International</b>           | <b>3</b>     | <b>0</b>   | <b>-2</b>                                      | <b>0</b>                   | <b>0</b>                          | <b>-43</b>                               | <b>42</b>                                    | <b>0</b>   |

Note: (+) Net sales; (-) Net purchases

Source: BCRA

Based on the chart above, the following sectors’ performance can be highlighted (for more information on the sector-based categorization used, see Section B.4. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)).

“Oilseeds and Grains” was the main net seller of foreign currency in the market over October. This sector recorded net inflows for USD2,411 million mainly for the concepts included in “Goods” (collections on exports net of payments for imports), which is reasonable enough as it proves to be the main exporting sector in the economy. In a context of high international agricultural product prices, the sector’s net result from transfers for goods on the forex market amounted to USD2,687 million, up 81% y.o.y.

The “Real Sector excluding Oilseeds and Grains”, was a net purchaser of foreign currency, with a total of USD1,495 million. These purchases were mainly used to make payments for imports of goods and services, and to pay financial debt (for further information, see Sections III.1.1 and III.1.2).

“Natural Persons” made net purchases totaling USD343 million mainly for payments on cards to non-resident suppliers (USD173 million, showing an increase of 16% against September), and for saving purposes (USD137 million, recording an amount similar to that of September). Furthermore, they transferred USD19 million to their own accounts abroad, debited from local accounts in foreign currency (“Self-to-Self International Transfers”), having a neutral impact on the forex market.

<sup>7</sup> Although self-to-self international transfers are not precisely forex transactions, they are recorded in forex statistics. They involve a transfer of foreign currency from abroad to a local account opened in foreign currency and/or a debit of funds deposited locally for their transfer abroad. Inflows are recorded under the transfer heading (positive sign). In addition, there is a second record where the same amount is entered under a negative sign for the crediting of funds. Contrariwise, a payment abroad from a local account in foreign currency is recorded under the payment heading with a negative sign, and the debit from the account, under a positive sign. Consequently, the total result of self-to-self international transfers in the forex market is neutral. For more information, see Section C.4.6. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)

“Institutional Investors and Others” recorded net purchases for USD180 million.

The “General Government” (National Treasury excluded) made net purchases in the forex market through licensed financial institutions for USD64 million, mainly explained by payments for imports of COVID-19 vaccines and debt service.

Finally, financial institutions used their own funds (USD71 million) to pay financial debt.

### III. Foreign Exchange Balance

The Foreign Exchange Balance comprises transactions carried out by institutions with their clients in the foreign exchange market (included in Section II) and those carried out by the BCRA—either on its own account or on behalf of the National Government. It is worth noting that the Foreign Exchange Balance is presented in an analytical format based on the Balance of Payments broken down by component and by institutional sector.

#### III.1 Current Account

Current account transactions recorded in the foreign exchange balance showed a surplus of USD557 million in October (see Table III.1.1).<sup>8</sup>

**Table III.1.1. Foreign Exchange Balance**  
**Foreign Exchange Current Account**  
 Equivalent in million dollars

| Date                                    | Oct-20      | Nov-20      | Dec-20     | Jan-21     | Feb-21     | Mar-21       | Apr-21       | May-21       | Jun-21       | Jul-21     | Aug-21      | Sep-21      | Oct-21     |
|---|-------------|-------------|------------|------------|------------|--------------|--------------|--------------|--------------|------------|-------------|-------------|------------|
| <b>Foreign Exchange Current Account</b> | <b>-495</b> | <b>-340</b> | <b>406</b> | <b>417</b> | <b>751</b> | <b>1,392</b> | <b>1,519</b> | <b>1,727</b> | <b>1,254</b> | <b>653</b> | <b>-308</b> | <b>-785</b> | <b>557</b> |
| Goods                                   | 44          | 450         | 927        | 1,051      | 1,445      | 1,999        | 1,933        | 2,365        | 1,769        | 1,478      | 608         | 316         | 1,375      |
| Services                                | -286        | -201        | -188       | -187       | -216       | -280         | -207         | -100         | -186         | -270       | -388        | -558        | -595       |
| Primary Income                          | -254        | -584        | -350       | -457       | -484       | -336         | -197         | -539         | -342         | -576       | -534        | -529        | -203       |
| Secondary Income                        | 1           | -5          | 17         | 10         | 7          | 10           | -10          | 0            | 12           | 20         | 5           | -14         | -20        |

Source: BCRA

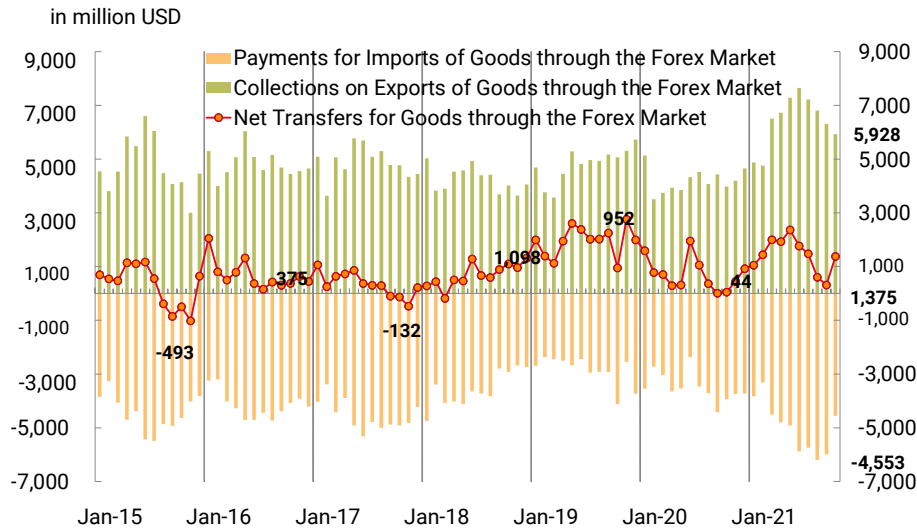
##### III.1.1 Goods

In October, transfers for “Goods” on the foreign exchange balance exhibited net inflows for USD1,375 million, resulting from collections on exports for USD5,928 million and payments of imports for USD4,553 million (see Chart III.1.1.1).

<sup>8</sup> For more information on the changes in the regulations that have an impact on the comparison of flows under “Goods”, among other items, see Section B.5. Important Regulatory Provisions that Have an Impact on Foreign Exchange Statistics of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#) available at BCRA’s website.



**Chart III.1.1.1 Foreign Exchange Balance  
Transfers for Goods**

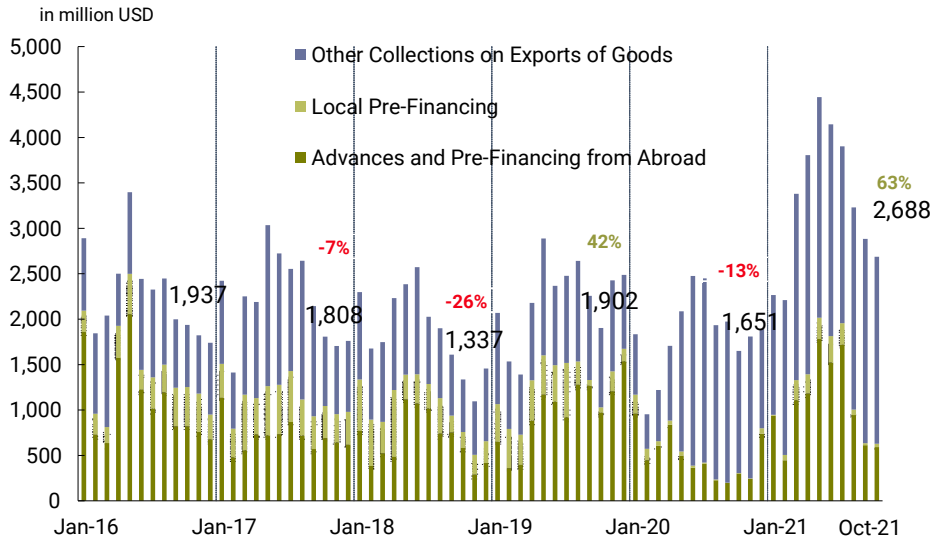


Source: BCRA

The “Oilseeds and Grains” sector recorded foreign currency sales for collections on exports of goods through the forex market for USD2,688 million, up 63% y.o.y., mainly explained by high agricultural commodity prices (see Chart III.1.1.2). The sector’s FOB exports reached USD3,177 million, a historically high level for this time of year. The value of exports stood above that of inflows from the collection on exports of goods through the forex market. This implies an estimated reduction of the sector’s commercial debts resulting from advances and the pre-financing of exports for about USD500 million.

In turn, Affidavits of Sales Abroad (Declaraciones Juradas de Ventas al Exterior, DJVEs) as reported by the Ministry of Agriculture and Fisheries (which determine withholding payments on exports) recorded an increase of 21% against September, and of 56% y.o.y.

**Chart III.1.1.2 Foreign Exchange Balance  
Collection on Exports of Goods from the “Oilseeds and Grains” sector**

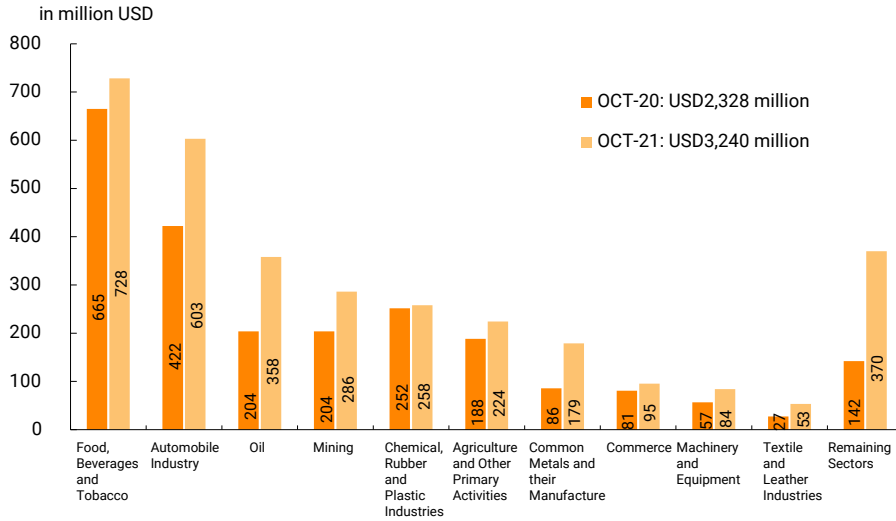


Source: BCRA

In October, the amount of wheat and corn grains traded in the local market was similar to that recorded for the previous 2018/19 and 2019/20 harvest seasons, following the same trend of September. The 21/22 harvest season continued at a good pace for wheat and at an average rate for corn. In contrast, soybean levels were below those observed in previous harvest seasons.

In turn, inflows from the collections on exports of goods from the remaining sectors totaled USD3,240 million, an amount 39% higher than that of October 2020; furthermore, the dynamics of the “Automobile Industry” sector should be underscored, since its foreign exchange flows were particularly affected in 2020 by the COVID-19 pandemic. When breaking down information by sector, 69% of these inflows were concentrated in the “Food, Beverages and Tobacco”, “Automobile Industry”, “Oil”, “Mining”, and “Chemical, Rubber and Plastic Industries” sectors (see Chart III.1.1.3).

**Chart III.1.1.3 Foreign Exchange Balance  
Collection on Exports of Goods (“Oilseeds and Grains” Sector Excluded)**

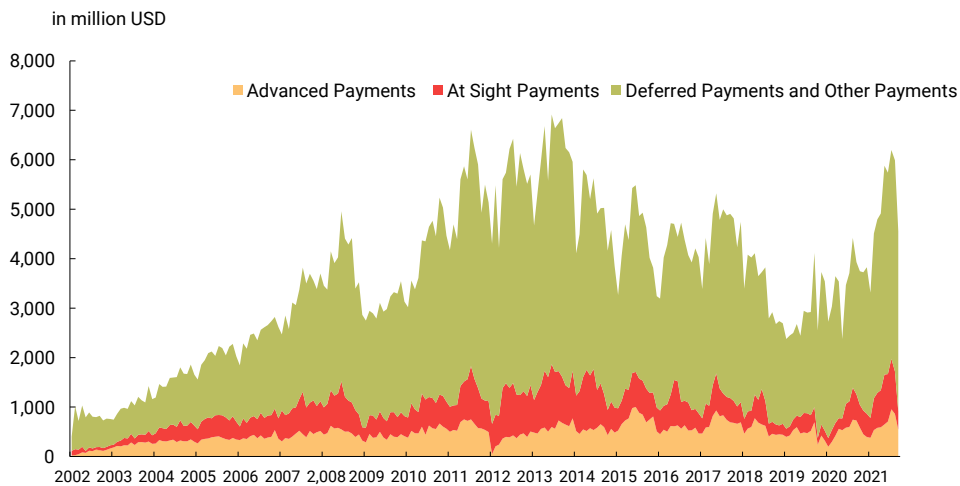


Source: BCRA

In October, payments of imports of goods through the forex market totaled USD4,553 million, up 16% y.o.y. This figure was below October's FOB imports, which amounted to USD4,889 million.

As regards imports of goods, 80% of payments were deferred, 8% were sight payments, and the other 12% were advance payments in October (see Chart III.1.1.4).

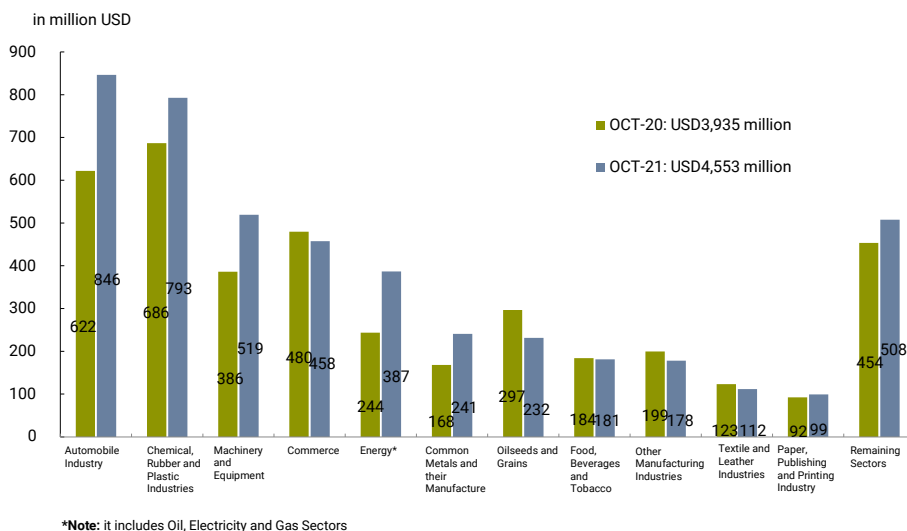
**Chart III.1.1.4 Foreign Exchange Balance  
Evolution of Payments for Imports of Goods by Type of Payment**



Source: BCRA

In terms of sectors, 66% of October’s payments for imports of goods were made in the “Automobile Industry”, “Chemical, Rubber and Plastic Industries”, “Machinery and Equipment”, “Commerce” and “Energy” sectors (see Chart III.1.1.5).<sup>9</sup>

**Chart III.1.1.5 Foreign Exchange Balance Payments for Imports of Goods by Sector**



Source: BCRA

### III.1.2 Services, Primary and Secondary Income

The “Services” account recorded a deficit of USD595 million in October, with a 7% rise in net outflows against September. It is mainly explained by net outflows from “Freight and Insurance” and “Travel and Passenger Transport, and Other Expenses Paid with Cards” which amounted to USD344 million and USD265 million, respectively. These transactions were partially offset by net inflows from “Business, Professional and Technical Services” for USD132 million (see Chart III.1.2.1).<sup>10</sup>

Given the current travel restrictions under the COVID-19 pandemic, the net deficit of the “Travel and Passenger Transport, and Other Expenses Paid with Cards” account remains below the levels historically observed up to early 2020. This behavior is in line with the information published in the last international tourism survey. It is worth pointing out that the transfers made to international credit card issuers include purchases made either during travels abroad or those made on a remote basis. In turn, inflows also include non-resident remote purchases made with cards to Argentine suppliers.<sup>11 12</sup>

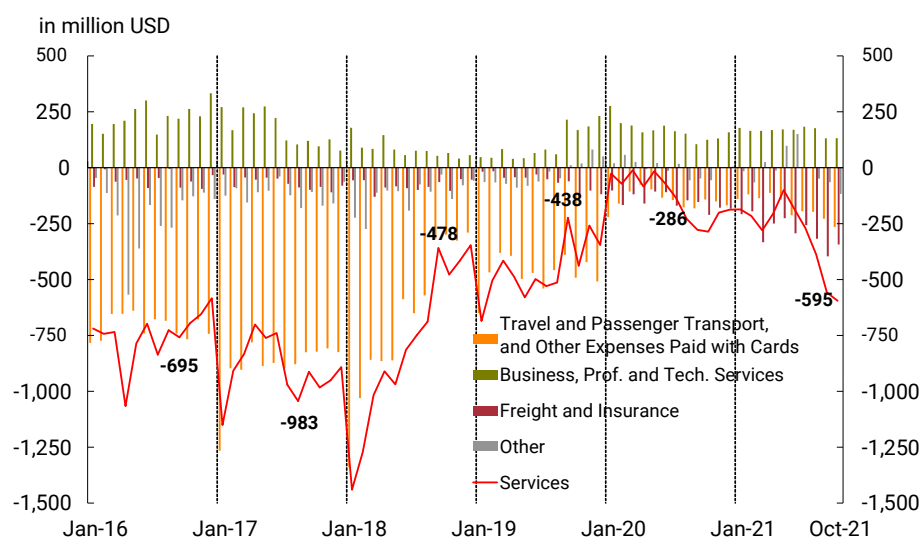
<sup>9</sup> The “Energy” sector includes companies belonging to the “Oil”, “Electricity” and “Gas” sectors.

<sup>10</sup> It includes freight, insurance and insured events, and other transport services.

<sup>11</sup> To access the latest technical report on International Tourism Statistics, [click here](#).

<sup>12</sup> For more information on the changes implemented to the regulations that have an impact on the comparison of the flows reported in the items included under “Services”, among others, see Section B.5. Important Regulatory Provisions that Have an Impact on Foreign Exchange Statistics of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#) available at BCRA’s website.

**Chart III.1.2.1 Foreign Exchange Balance  
Net Inflows from Services**



Source: BCRA

Primary income transactions recorded net outflows amounting to USD203 million in October, mainly due to net payments of “Interest”, whereas no transfers of “Profits and Dividends” were made. As regards gross payments of interest, USD46 million were made by the “General Government and the BCRA”, and USD151 million by the private sector.<sup>13</sup>

Finally, secondary income transactions had a deficit of USD20 million.

### III.2 Capital Account

In October, the capital account of the foreign exchange balance recorded net inflows for USD4 million.

### III.3 Foreign Exchange Financial Account

In October, net outflows for the foreign exchange financial account totaled USD843 million. This result was explained by a deficit in the “Non-Financial Private Sector” (USD598 million), in the “General Government and the BCRA” (USD309 million), and in the “Financial Sector” (USD31 million), which were partly offset by the surplus recorded in “Other Net Transfers” (USD95 million) (see Table III.3.1.).<sup>14</sup>

<sup>13</sup> The regulations on the access to the forex market for the payment of profits and dividends set out that the companies that have exchanged foreign currency from new direct investment contributions in the forex market since January 2020 can make payments of up to 30% of the accumulated amount so exchanged since that date. In turn, non-resident shareholders will be able to access the forex market for the payment of profits and dividends on foreign direct investment contributions entered and exchanged in the forex market since November 16, 2020, and allocated to finance projects under the “Plan for the Promotion of the Argentine Natural Gas Production”. Effective June 2021, exporters of industrialized and extractive goods that registered an increase in their external sales over 2020, will be able to access the exchange market for the payment of profits and dividends from closed and audited balance sheets, for a percentage of that increase. See Communications “A” 6869, “A” 7168 and “A” 7301.

<sup>14</sup> For more information on the “Other Net Transfers” account of the foreign exchange balance, see Section C.4.11. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#)

### Table III.3.1. Foreign Exchange Balance

#### Foreign Exchange Financial Account

Equivalent in million dollars

| Date                                      | Oct-20        | Nov-20        | Dec-20     | Jan-21      | Feb-21      | Mar-21        | Apr-21        | May-21      | Jun-21      | Jul-21      | Aug-21       | Sep-21        | Oct-21      |
|---|---------------|---------------|------------|-------------|-------------|---------------|---------------|-------------|-------------|-------------|--------------|---------------|-------------|
| <b>Foreign Exchange Financial Account</b> | <b>-1,302</b> | <b>-1,048</b> | <b>-53</b> | <b>-516</b> | <b>-365</b> | <b>-1,028</b> | <b>-1,243</b> | <b>-727</b> | <b>-137</b> | <b>-630</b> | <b>3,866</b> | <b>-2,384</b> | <b>-843</b> |
| Non-Financial Private Sector              | -687          | -583          | -281       | -366        | -368        | -517          | -217          | -311        | -601        | -288        | -277         | -378          | -598        |
| Financial Sector                          | 372           | -371          | -1,422     | 298         | 216         | -493          | 441           | -292        | -490        | 114         | -109         | 208           | -31         |
| General Government and the BCRA           | -202          | -206          | 946        | -657        | -374        | -182          | -221          | -109        | -70         | -882        | 3,961        | -2,106        | -309        |
| Other Net Transfers                       | -785          | 112           | 704        | 209         | 161         | 163           | -1,247        | -15         | 1,024       | 427         | 291          | -108          | 95          |

Source: BCRA

### III.3.1. Foreign Exchange Financial Account of the Non-Financial Private Sector

The financial account of the “Non-Financial Private Sector” had a deficit of USD598 million in October, basically resulting from net payments of financial debt for USD505 million (see Table III.3.1.1).

#### Table III.3.1.1. Foreign Exchange Balance

##### Foreign Exchange Financial Account of the Non-Financial Private Sector

Equivalent in million dollars

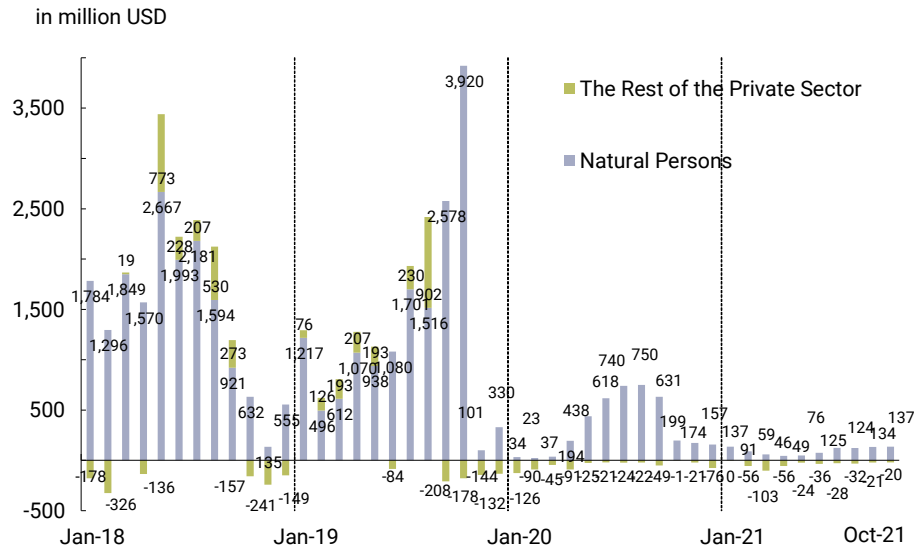
| Date  | Oct-20      | Nov-20      | Dec-20      | Jan-21      | Feb-21      | Mar-21      | Apr-21      | May-21      | Jun-21      | Jul-21      | Aug-21      | Sep-21      | Oct-21      |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Foreign Exchange Financial Account</b>                     | <b>-687</b> | <b>-583</b> | <b>-281</b> | <b>-366</b> | <b>-368</b> | <b>-517</b> | <b>-217</b> | <b>-311</b> | <b>-601</b> | <b>-288</b> | <b>-277</b> | <b>-378</b> | <b>-598</b> |
| Non-Residents' Direct Investments                             | 54          | 63          | 84          | 71          | 58          | 65          | 42          | 52          | 66          | 65          | 51          | 82          | 68          |
| Non-Residents' Portfolio Investments                          | -4          | 1           | -1          | -5          | 1           | 3           | 1           | 1           | 5           | 0           | 2           | 2           | 2           |
| Financial Debt and Credit Lines                               | -426        | -439        | -280        | -338        | -364        | -515        | -287        | -296        | -670        | -279        | -265        | -424        | -451        |
| Loans from Other International Organizations and Other        | -58         | -54         | -5          | 2           | 7           | 21          | 8           | -14         | -44         | -11         | 8           | -21         | -55         |
| Buildup of Foreign Assets by the Non-Financial Private Sector | -201        | -111        | 89          | -98         | -2          | 253         | 52          | 28          | -32         | -126        | -82         | -118        | -122        |
| Self-to-Self International Transfers                          | -52         | -44         | -166        | 2           | -68         | -343        | -32         | -82         | 74          | 62          | 9           | 100         | -41         |
| Purchase and Sale of Securities                               | 0           | 0           | -1          | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           | 0           |

Source: BCRA

The buildup of foreign assets by non-financial private sector residents brought about net outflows amounting to USD122 million: USD118 million in net purchases of foreign currency and USD4 million in net transfers made to accounts abroad (debited from local accounts in foreign currency, “Self-to-Self International Transfers”, with a neutral result in the forex market).

This outcome reflects net purchases for USD137 million made by “Natural Persons”, partially offset by net sales for USD20 million made by legal persons and others (see Chart III.3.1.1).

**Chart III.3.1.1 Foreign Exchange Balance  
Net Purchases of Banknotes by Sector**

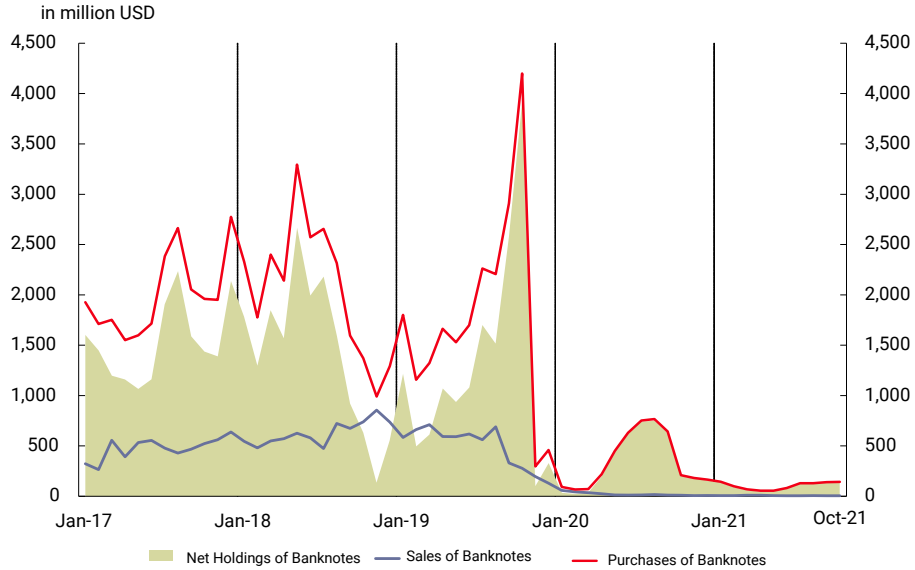


Source: BCRA

“Natural Persons” purchased banknotes for USD143 million and sold USD6 million, a similar figure to that of September (see Chart III.3.1.2). These transactions were made in the context of the regulatory changes introduced in mid-September 2020, as under Communication “A” 7105 (introducing controls and monitoring mechanisms for ensuring that clients’ financial and income capacity make them eligible to open savings accounts in foreign currency; as well as limits to co-owners’ access to purchase foreign currency for building up foreign assets), and Communication “A” 7106 (establishing that any payments made in foreign currency on credit or debit cards will count as part of the USD200 monthly quota per person, and that beneficiaries under paragraph 4 of Communication “A” 6949, as supplemented, and/or Section 2 of Decree No. 319/20 may not access the forex market until benefits are over).<sup>15</sup>

<sup>15</sup> As from September 16, 2020, the Federal Administration of Public Revenues (AFIP) will collect a 35% contribution in advance of income and personal property taxes from natural persons applying for foreign currency to build up foreign assets, or pay their debit and/or credit card bills (General Resolution 4815/2020).

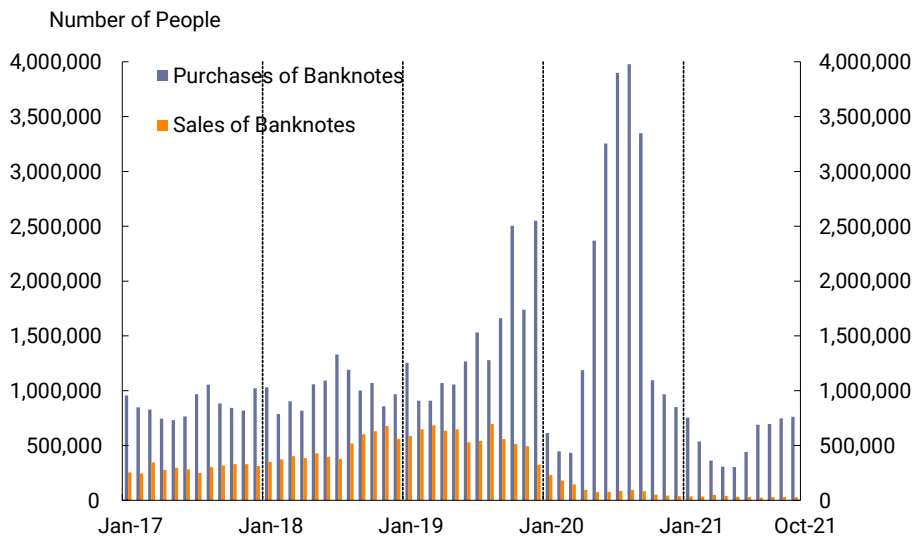
**Chart III.3.1.2 Foreign Exchange Balance  
Natural Persons. Banknotes**



Source: BCRA

In terms of traders, 762,000 individuals purchased banknotes (15,000 more than in September), while sellers amounted to about 30,000—with per capita purchases and sales for USD188 and USD200, respectively (see Chart III.3.1.3).

**Chart III.3.1.3 Foreign Exchange Balance  
Natural Persons. Banknotes**



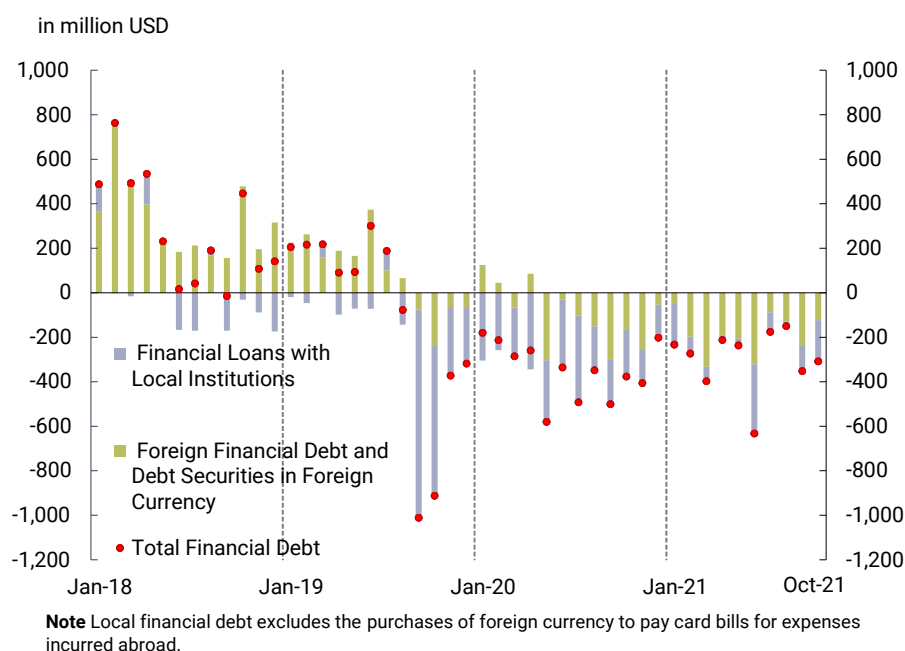
Source: BCRA



In turn, as it has already been mentioned, in October, this sector made net transfers to their own accounts abroad totaling USD4 million. The transfers made by “Natural Persons” amounted to USD19 million. They were debited from local accounts in foreign currency (“self-to-self international transfers”), having a neutral impact on foreign exchange transactions, and were partially offset by inflows from the “Real Sector” (USD16 million).<sup>16</sup>

Net payments of financial debts, including loans from international agencies, totaled USD308 million in October, out of which USD185 million stood for net payments to local institutions, and USD123 million for the payment of other financial debt in foreign currency (see Chart III.3.1.4).<sup>1718</sup>

**Chart III.3.1.4 Foreign Exchange Balance  
Non-Financial Private Sector. Financial Debt**



Source: BCRA

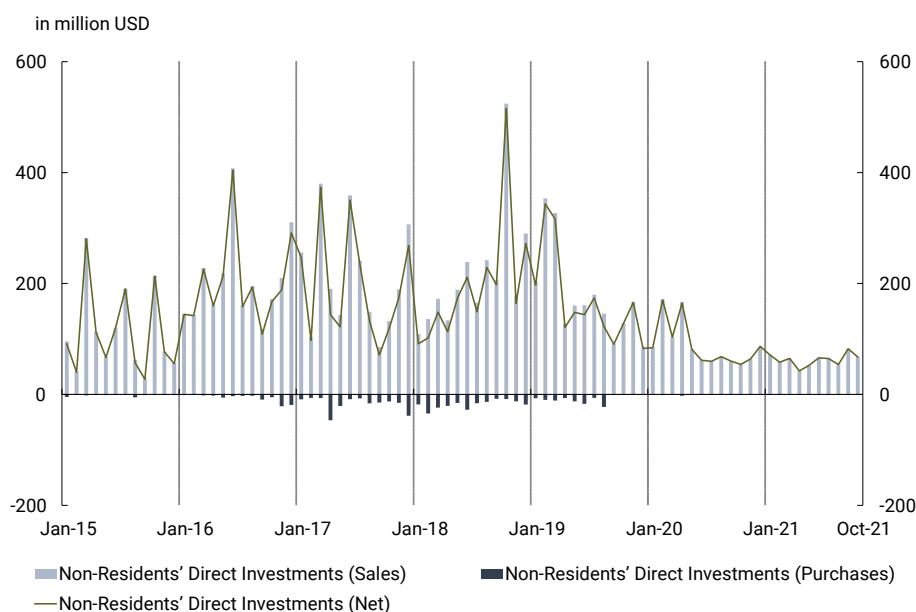
Direct investments made by non-residents recorded net inflows for USD68 million in October. The “Oil” sector recorded the highest number of sales as a result of direct investment inflows, totaling USD45 million (see Chart III.3.1.5).

<sup>16</sup> Prior to October 2019, a part of the funds transferred by the “Real Sector” to accounts abroad was used to pay their foreign liabilities through such accounts, whether commercial or financial, such as payments for imports of goods and services, primary income, debt securities or loans. Based on the regulatory changes introduced by Communication “A” 6770, purchases by legal persons to make transfers to their own accounts abroad now require the prior authorization of the BCRA.

<sup>17</sup> Net payments exclude purchases of foreign currency to pay card bills for expenses incurred abroad for an amount of USD137 million; These payments of local debts in foreign currency do not imply a net demand in the whole system, made up by the institutions and the BCRA. Instead, they were calculated under the heading “Travel, and Other Expenses Paid with Cards” at the time of the transfer abroad.

<sup>18</sup> As from September 16, 2020, through Communication “A” 7106, the sovereign debt restructuring process in foreign currency was successfully carried out by the National State. In symphony with this measure, the BCRA set out guidelines for private sector companies to refinance their foreign financial debts or local debt securities in foreign currency, so that they may be aligned to the new requirements, thus ensuring the smooth functioning of the forex market.

**Chart III.3.1.5 Foreign Exchange Balance  
Non-Residents' Direct Investments**



Source: BCRA

Finally, due to the regulatory changes implemented that limited the transactions carried out by institutions with their own funds, foreign currency flows from transactions carried out with securities in the secondary market posted no movements.<sup>19</sup>

### III.3.2. Foreign Exchange Financial Account of the Financial Sector

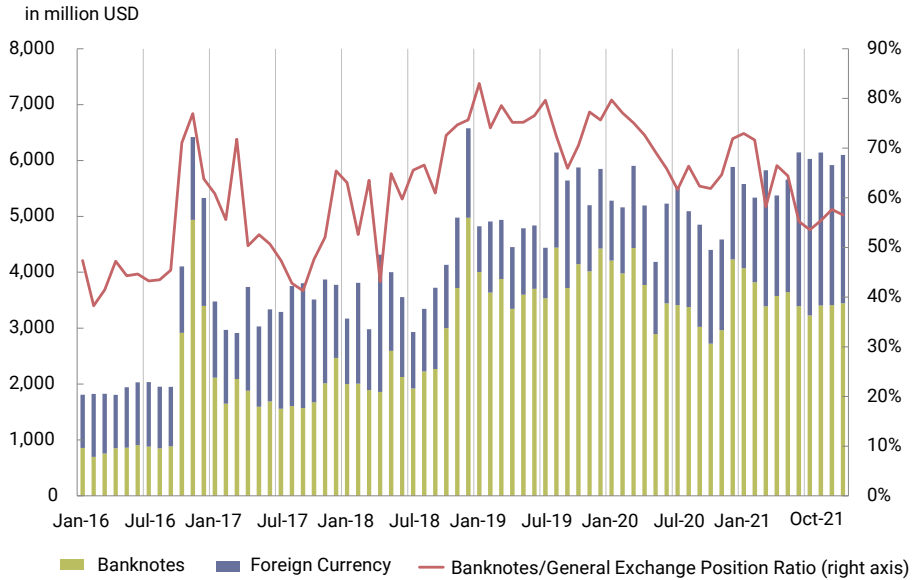
In October, the transactions carried out under the foreign exchange financial account of the “Financial Sector” ran up a deficit of USD31 million. This outcome is mainly explained by an increase in liquid foreign assets of financial institutions’ General Exchange Position.<sup>20</sup>

Financial institutions’ General Exchange Position amounted to USD6,100 million at the end of October, up USD95 million against September. This may be mostly explained by a rise in the stock of both foreign currency amounting to USD59 million, and banknotes amounting to USD36 million. Holdings of foreign currency banknotes totaled USD3,448 million by the end of the month. This stock accounted for 57% of the total General Exchange Position, and it is allocated by institutions to cover local foreign currency deposit transactions and foreign exchange market needs (see Chart III.3.2.1).

<sup>19</sup> In the forex market, transactions are entered on behalf of financial institutions. The net effect of these transactions has, as counterpart, other residents or non-residents. Therefore, they are included in the foreign exchange financial account of the non-financial private sector. For more information, see Section C.4.9. “Purchase and Sale of Securities” of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#).

<sup>20</sup> The General Exchange Position is defined in Section C.4.7. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#).

**Chart III.3.2.1 Foreign Exchange Balance  
Institutions' General Exchange Position**

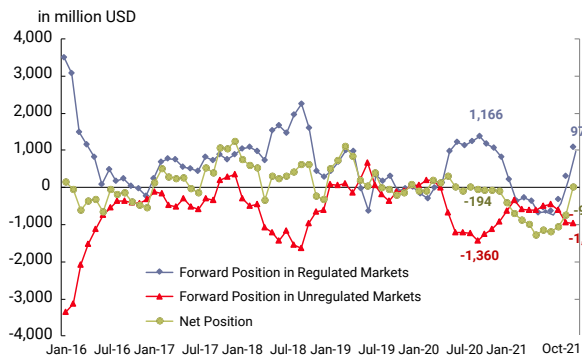


Source: BCRA

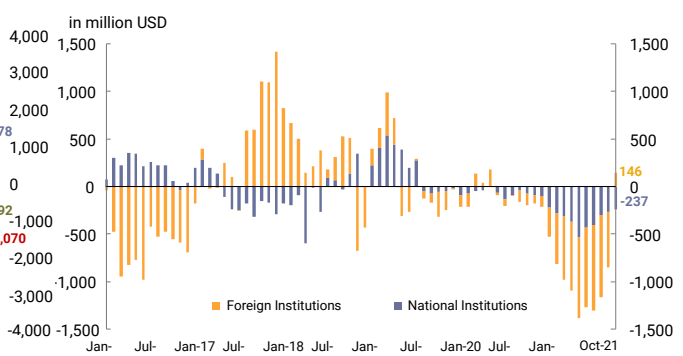
On another note, the ensemble of financial institutions ended October with a forward short position in foreign currency of USD92 million, recording a decrease of USD761 million against the end of September. They purchased USD774 million in regulated markets and sold USD13 million to their clients directly (Forwards) over the month (see Chart III.3.2.2).

Foreign-capital institutions' net purchases amounted to USD731 million ending October with a net long position of USD146 million. In turn, national-capital institutions purchased USD30 million, ending October with a net short position of USD237 million (see Chart III.3.2.3).

**Chart III.3.2.2 Forward Market  
EOM Institutions' Forward Position**



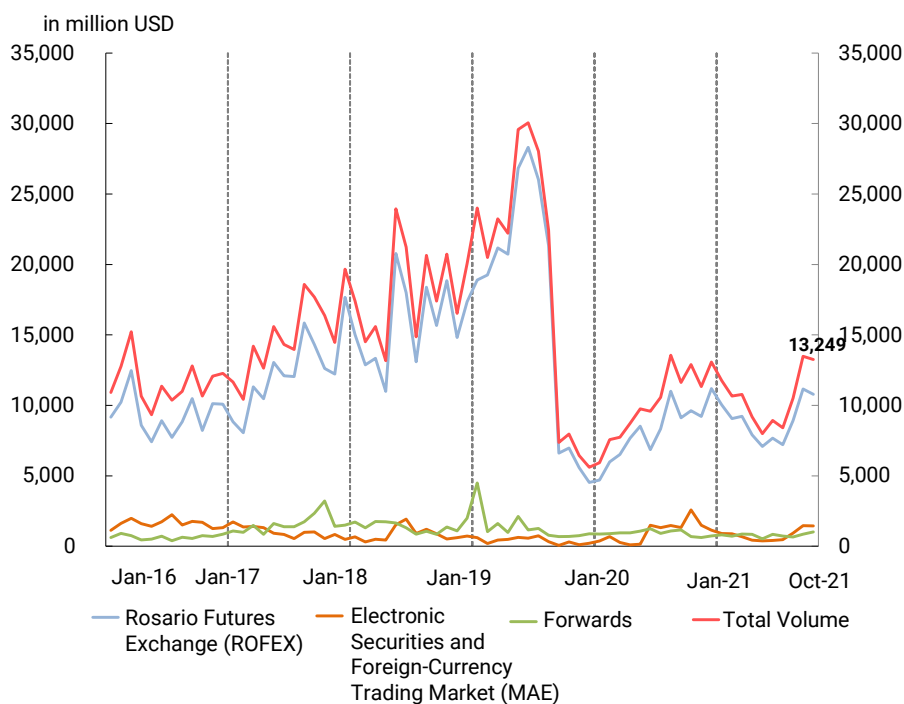
**Chart III.3.2.3 Forward Market  
EOM Institutions' Forward Position**



Source: BCRA

The volume traded in forward markets totaled USD13,249 million in October, i.e.: USD697 million daily on average. Transactions carried out in the Mercado a Término de Rosario (ROFEX) continued to stand out, with an 81% share in the total volume traded in the forward market (see Chart III.3.2.4).<sup>21</sup>

**Chart III.3.2.4 Forward Market**  
**Total Volume Traded in the Forward Market**



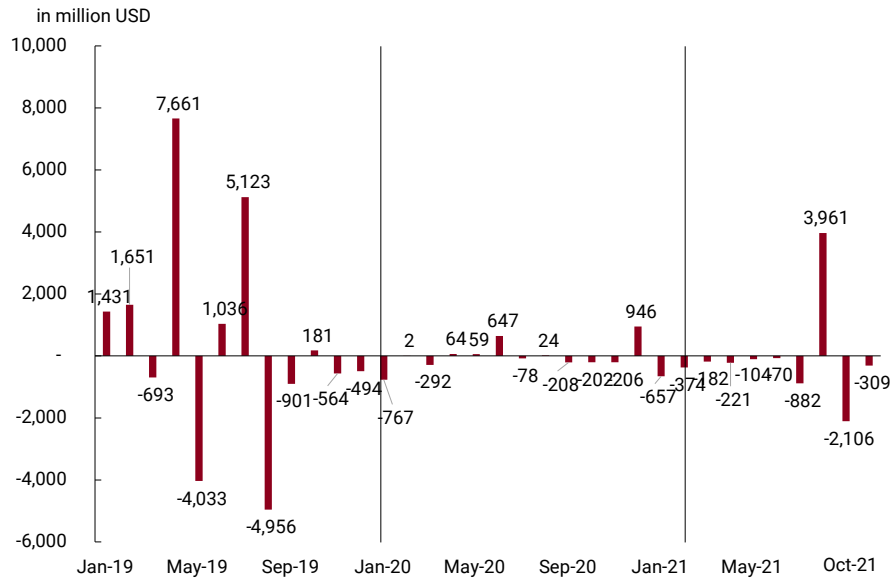
Source: BCRA

### III.3.3. The Foreign Exchange Financial Account of the General Government and the BCRA

In October, the transactions carried out under the foreign exchange financial account of the “General Government and the BCRA” ran up a deficit of USD309 million (see Chart III.3.3.1), mainly explained by payments made to international and other bilateral agencies, and net payments of debt made by the National Treasury, partially offset by net disbursements of international agencies.

<sup>21</sup> The chart includes the total volume traded in the ROFEX, the transactions arranged by institutions in the Electronic Securities and Foreign Currency Trading Market (MAE), and with Forwards. This information comes from the Forward Transactions Reporting Scheme (Communication “A” 4196, as amended) and postings on the websites of MAE and ROFEX.

**Chart III.3.3.1 Foreign Exchange Balance**  
**Foreign Exchange Financial Account of the General Government and the BCRA**



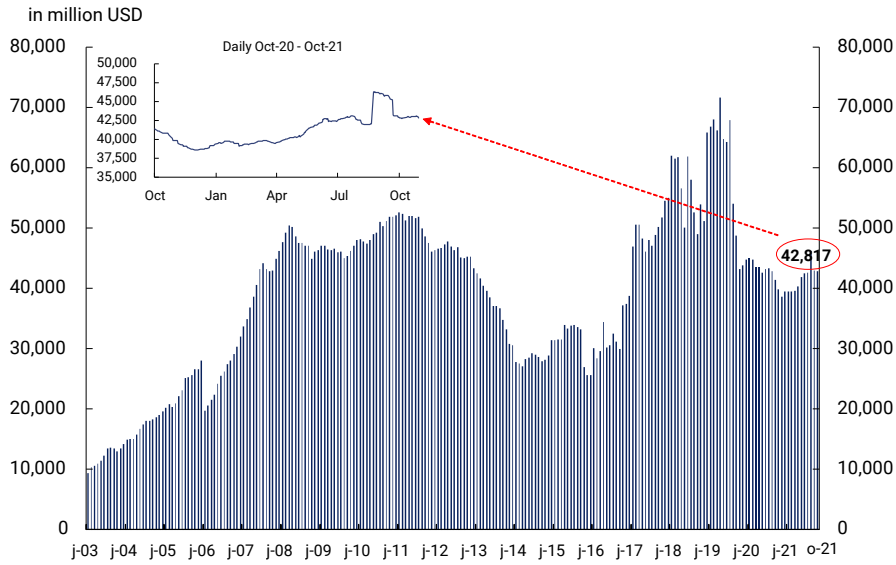
Source: BCRA

## IV. BCRA's International Reserves

During October, BCRA's international reserves fell USD94 million, totaling USD42,817 million by the end of the month (see Chart IV.1). This fall was mainly explained by payments made to international and other bilateral agencies, debt payments on behalf of the National Treasury, and payments made by the BCRA under SML agreements, which were partially offset by BCRA net purchases through the foreign exchange market for USD226 million and adjustments in the exchange rate and book valuation for USD188 million.<sup>22</sup>

<sup>22</sup> Local Currency Systems with Brazil, Uruguay and Paraguay. For more information, see Section B.5.3. of the [Methodology Used for Compiling Foreign Exchange Market and Foreign Exchange Balance Statistics](#).

**Chart IV.1 BCRA's International Reserves**



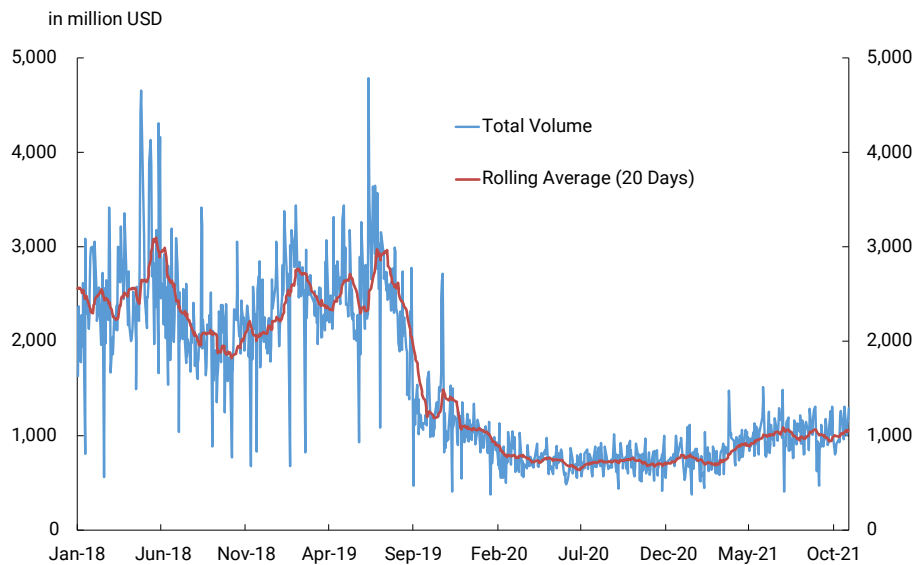
Source: BCRA

## V. Volumes Traded in the Foreign Exchange Market

In October, the volume traded in the forex market totaled USD20,605 million, up 46% y.o.y. The average daily volume traded was USD1,084 million (see Chart V.1). The y.o.y. increase in the volume was explained by a 9% increase in transactions carried out between licensed institutions and their clients, and by a rise of 24% in transactions carried out between financial and foreign exchange institutions.<sup>23</sup>

<sup>23</sup> In BCRA's website there is a quarterly ranking of volumes traded with clients in the forex market broken down by institution (to access the ranking, [click here](#)).

**Chart V.1 Foreign Exchange Market  
Volume Traded Daily Evolution**



Source: BCRA

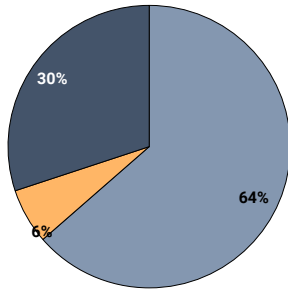
Foreign exchange transactions between institutions and their clients accounted for 64% of the total volume traded, while transactions between institutions—mainly through the Electronic Trading System (SIOPEL)—represented 30%; in turn, transactions between institutions and the BCRA stood for the remaining 6% (see Chart V.2).<sup>24</sup>

Given that we are still in the midst of the pandemic, coupled with the measures ordered by the National Government to mitigate the spread of COVID-19, and the fact that foreign exchange market transactions were mostly made online, in October, there were only 94 trading institutions (94 against more than 245 as was usually the case before the pandemic), and 25 different currencies were used (25 against 45 as was usually the case before the pandemic).

Thus, most of the volume traded between licensed institutions and their clients was highly concentrated in a few number of institutions (out of the already mentioned 94 institutions, the first ten accounted for 88% of such volume) and in the currency used; USD-denominated transactions had a 95% share in the total traded with clients, followed by Euros, which accounted for 4% of the total (see Chart V.3).

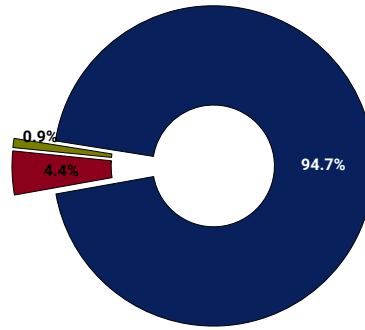
<sup>24</sup> The volume traded between licensed institutions and their clients excludes the following items: the underwriting of LEBAC bills, self-to-self international transfers (around USD641 million in October 2021), the record of deposits in foreign currency allocated for the payment of financial debt service for about USD68 million, and purchases of foreign currency to pay card bills for expenses incurred abroad (around USD137 million for the month under study).

**Chart V.2 Foreign Exchange Market  
Total Volume and Share. October 2021**



- Volume Traded between Institutions and Clients through the Foreign Exchange Market
- Volume Traded by the BCRA
- Volume Traded between Institutions

**Chart V.3 Foreign Exchange Market  
Volume with Clients by Currency. October 2021**



- US Dollars
- Euros
- Other Currencies (23)

Source: BCRA

Finally, 79% of foreign exchange transactions between financial and foreign exchange institutions were channeled through private financial institutions. Public banks accounted for the remaining 21% of transactions, foreign exchange houses and agencies having a marginal share—less than 0.1%.