

Evolution of the Foreign Exchange Market and Exchange Balance

September 2021



BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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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, the BCRA sold USD1,029 million in the forex market, financial institutions and their clients being net purchasers for USD124 million and USD905 million, respectively. The National Treasury made sales directly to the BCRA for USD4,014 million.

The real sector was a net purchaser of foreign currency for USD172 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 USD2,463 million, which evidenced an increase of 56% y.o.y. In turn, the sector’s FOB exports reached historical record levels in nominal terms over September of USD3,724 million, exceeding the collections on exports of goods. This implied a reduction of the sector’s commercial debt over the month.

The “Real Sector excluding Oilseeds and Grains”, on the other hand, was a net purchaser in the forex market with a total of USD2,636 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 USD326 million, basically for payments on cards to non-resident suppliers (USD149 million) and for saving purposes (USD134 million).

“Institutional Investors and Others”—both residents and non-residents—made net purchases for USD217 million in September.

The foreign exchange current account, which includes flows from net exports of goods and services, as well as primary and secondary income, recorded a deficit of USD785 million. The deficit could be mainly explained by net outflows from “Services” and “Primary Income” for USD558 million and USD529 million, respectively, which were partially offset by net inflows from “Goods” for USD316 million.

The foreign exchange financial account of the “Non-Financial Private Sector” had a deficit of USD378 million in September, resulting basically from net payments of financial debt for USD424 million.

The transactions carried out under the foreign exchange financial account of the “Financial Sector” resulted in a surplus of USD293 million, mainly explained by the decrease of USD307 million in liquid foreign assets of financial institutions’ General Exchange Position.

In September, the transactions carried out under the foreign exchange financial account of the “General Government and the BCRA” ran up a deficit of USD2,106 million, mainly explained by the repayment of principal of debts to the IMF at maturity.

During September, BCRA’s international reserves fell USD3,269 million, totaling USD42,911 million by the end of the month.

I. Introduction

This report analyzes information on foreign exchange transactions made in September 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.

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 September; data are broken down by sector and by heading.

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 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](#)).**

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. In this context, the BCRA sold USD1,029 million in the forex market, financial institutions and their clients being net purchasers for USD124 million and USD905 million, respectively. This includes net payments of imports through the local currency payment system (SML) amounting to USD73 million. The National Treasury made sales directly to the BCRA for USD4,014 million (see Table II.1).

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	Aggregate period from January to September
BCRA - Market	-159	-633	-1.372	-1.445	-2.083	-766	-714	154	956	-6.062
BCRA - SML	32	29	53	49	54	63	62	64	73	478
National Treasury	-	-	-	-	-	-	-	-	-	-
Institutions	-60	-28	155	47	235	93	14	-74	-124	258
Institutions' Clients (1 + 2 + 3)	188	632	1.164	1.350	1.794	611	637	-144	-905	5.326
1. Non-Financial Private Sector	280	990	1.240	1.397	2.008	640	772	172	-716	6.782
Oilseeds and Grains	2.045	2.121	3.179	3.267	3.854	3.603	3.315	2.693	2.463	26.541
Real Sector Excluding Oilseeds and Grains	-1.463	-959	-1.669	-1.590	-1.678	-2.681	-2.297	-2.153	-2.636	-17.127
Natural Persons	-277	-157	-175	-152	-179	-241	-229	-289	-326	-2.024
Institutional Investors and Others	-26	-14	-96	-127	11	-41	-17	-79	-217	-608
2. General Government (National Treasury Ex)	-79	-303	-66	-38	-175	-26	-125	-304	-171	-1.287
3. Institutions (Own Transactions)	-13	-55	-10	-10	-38	-4	-10	-13	-18	-169
National Treasury Directly with the BCRA	-	-456	-365	-151	-497	-210	-841	-537	4.014	957

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 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 September). (See Table II.2).

Table II.2 Foreign Exchange Market

Result of Institutions' Transactions with Clients. September 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
Non-Financial Private Sector	427	-228	-553	-113	-5	100	-344	-716
Oilseeds and Grains	2.494	0	-4	-1	2,18	-2	-26	2.463
Real Sector Excluding Oilseeds and Grains	-1.882	-44	-531	14	8,08	113	-313	-2.636
Natural Persons	-36	-149	11	-134	-36	25	-6	-326
Institutional Investors and Others	-149	-34	-29	8	21	-36	2	-217
General Government (National Treasury Ex)	-108	0	-228	103	1	81	-20	-171
Institutions (Own Transactions)	-3	0	2	0	0	0	-17	-18
Institutions' Result with Clients	316	-228	-779	-10	-4	181	-381	-905
Result for Forex Transactions	315	-228	-683	-10	12	0	-311	-905
Result for Self-to-Self International Transf	1	0	-95	0	-16	181	-70	0

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 September. This sector recorded net inflows for USD2,463 million for virtually all 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 proceeds from the collection of exports amounted to USD2,884 million, up 46% y.o.y.

The "Real Sector excluding Oilseeds and Grains", was a net purchaser of foreign currency, with a total of USD2,636 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 USD326 million mainly for payments on cards to non-resident suppliers (USD149 million, showing an increase of 14% against August), and for saving purposes (USD134 million, recording an increase of 8% against August and a drop of 79% y.o.y.). Furthermore, they transferred USD36 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.

"Institutional Investors and Others" recorded net purchases for USD217 million.

The "General Government" (National Treasury excluded) made net purchases in the forex market through licensed financial institutions for USD171 million, mainly explained by net transfers to foreign accounts made by local governments on account of interest and for the payment of imports of COVID-19 vaccines.

Finally, financial institutions used their own funds (USD18 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 deficit of USD785 million in September (see Table III.1.1).

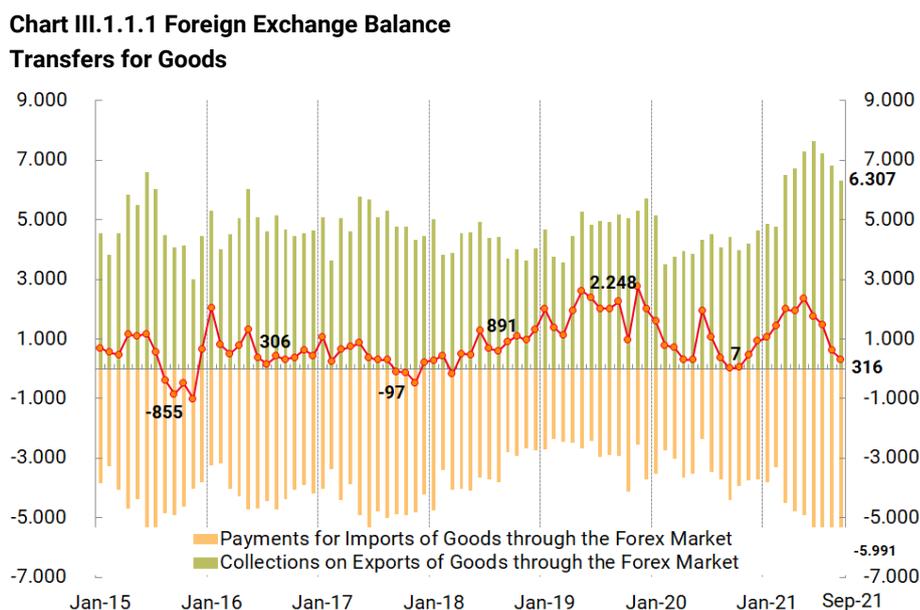
Table III.1.1. Foreign Exchange Balance
Foreign Exchange Current Account
 Equivalent in million dollars

Date	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
Exchange Current Account	-601	-495	-340	406	417	751	1.392	1.519	1.727	1.254	653	-308	-785
Goods	7	44	450	927	1.051	1.445	1.999	1.933	2.365	1.769	1.478	608	316
Services	-278	-286	-201	-188	-187	-216	-280	-207	-100	-186	-270	-388	-558
Primary Income	-334	-254	-584	-350	-457	-484	-336	-197	-539	-342	-576	-534	-529
Secondary Income	5	1	-5	17	10	7	10	-10	0	12	20	5	-14

Source: BCRA

III.1.1 Goods

In September, transfers for “Goods” on the foreign exchange balance exhibited net inflows for USD316 million, resulting from collections on exports for USD6,307 million and payments of imports for USD5,991 million (see Chart III.1.1.1).

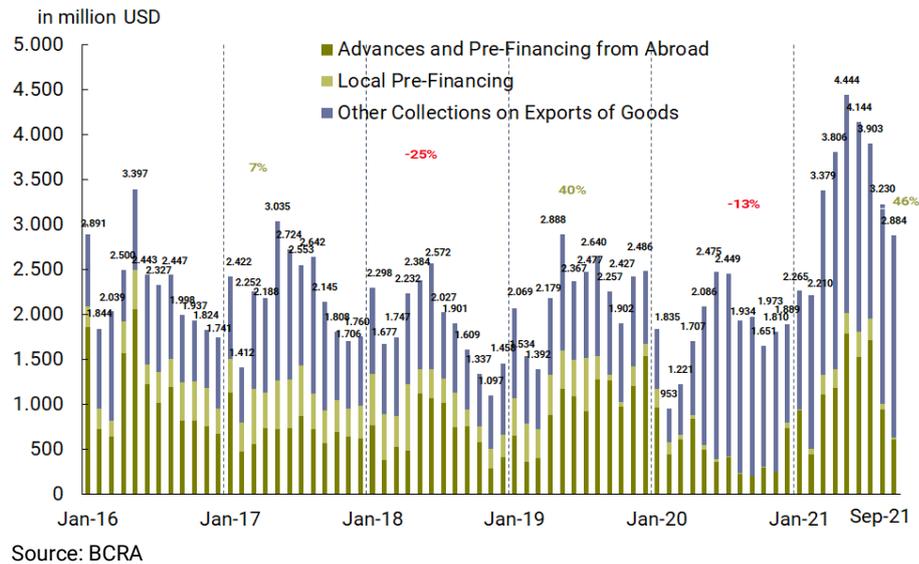


Source: BCRA

The “Oilseeds and Grains” sector recorded foreign currency sales for collections on exports of goods through the forex market for USD2,884 million, up 46% y.o.y., mainly explained by high agricultural commodity prices (see Chart III.1.1.2). The sector’s export of goods reached about USD3,724 million, a historically high level for this time of the year, but below the figures recorded in August. The value of exports stood above that of inflows from the collection on exports of goods through the forex market. This implies a reduction of the sector’s commercial debts resulting from advances and the pre-financing of exports for about USD800 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 8% against August, and of 50% y.o.y. In the period from January to September 2021, DJVEs rose 164% y.o.y., in a context of high prices of export products.

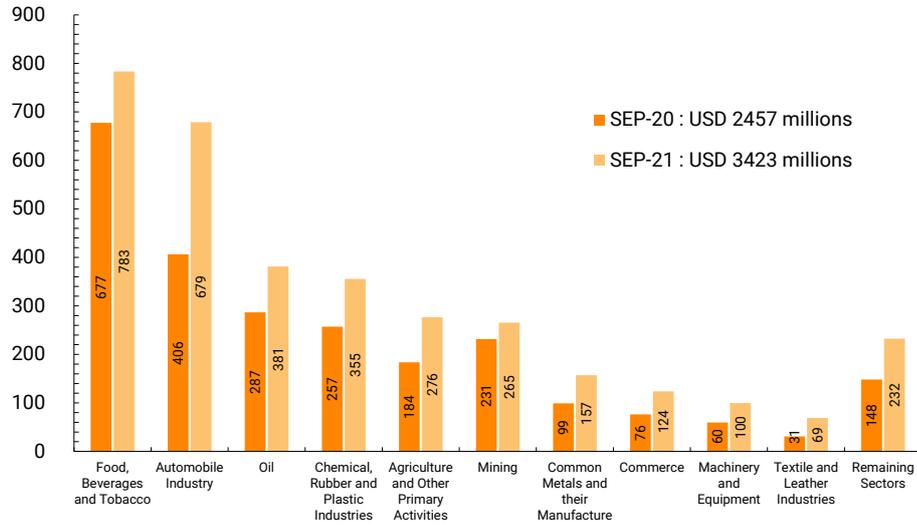
**Chart III.1.1.2 Foreign Exchange Balance
Collection on Exports of Goods from the “Oilseeds and Grains” sector**



In September, 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 August. 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 USD3,423 million, an amount 39% higher than that of September 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, 72% of these inflows were concentrated in the “Food, Beverages and Tobacco”, “Automobile Industry”, “Oil”, “Chemical, Rubber and Plastic Industries” and “Agriculture and Other Primary Activities” 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)

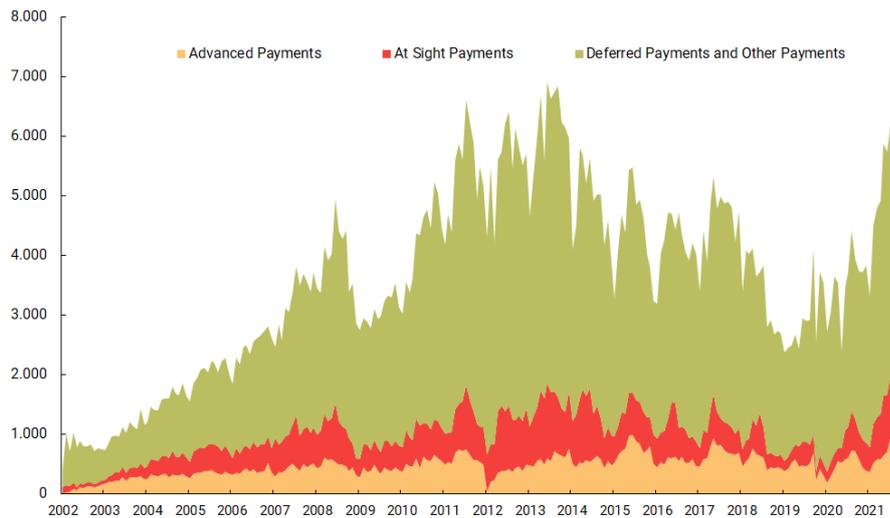


Source: BCRA

In September, payments of imports of goods through the forex market totaled USD5,991 million, up 35% y.o.y, as a result of the COVID-19 pandemic. This figure was above September's FOB imports, which are estimated at USD5,500 million.

As regards imports of goods, 71% of payments were deferred, 14% were sight payments, and the other 14% were advance payments in September (see Chart III.1.1.4).

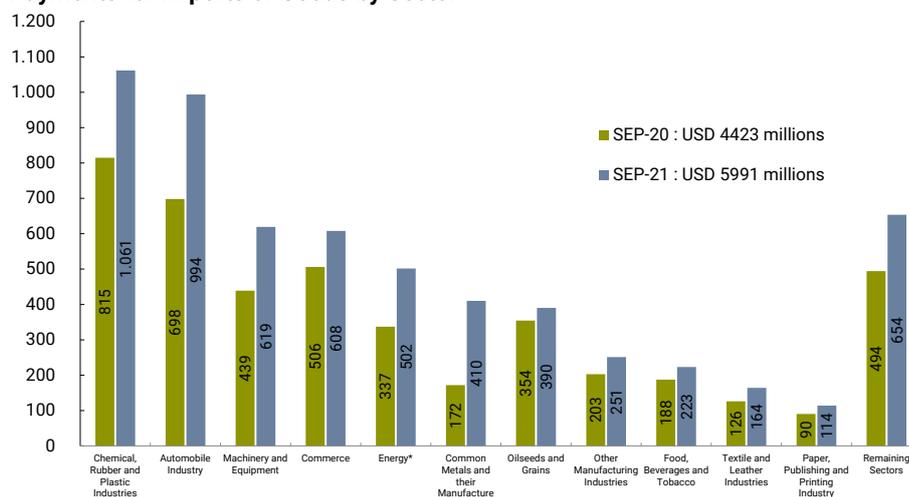
Chart III.1.1.4 Foreign Exchange Balance
Evolution of Payments for Imports of Goods by Type of Payment



Source: BCRA

In terms of sectors, 62% of September’s payments for imports of goods were made in the “Chemical, Rubber and Plastic Industries”, “Automobile Industry”, “Machinery and Equipment”, “Commerce”, and “Energy” sectors (see Chart III.1.1.5).

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



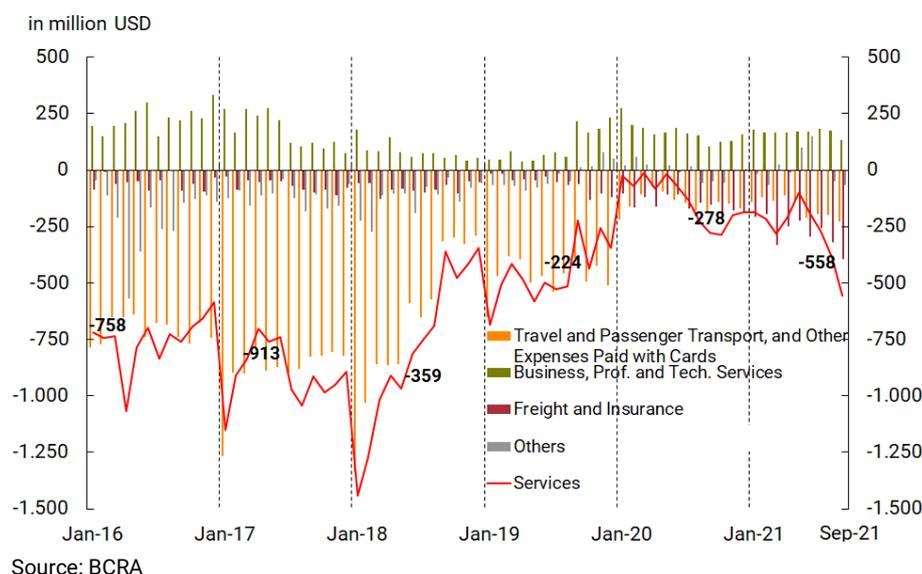
*Note: it includes Oil, Electricity and Gas Sectors
Source: BCRA

III.1.2 Services, Primary and Secondary Income

The “Services” account recorded a deficit of USD558 million in September, up 44% against August. 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 USD396 million and USD228 million, respectively. These transactions were partially offset by net inflows from “Business, Professional and Technical Services” for USD131 million (see Chart III.1.2.1).

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.

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



Primary income transactions recorded net outflows amounting to USD529 million in September, mainly due to net payments of “Interest”, whereas no transfers of “Profits and Dividends” were made. As regards gross payments of interest, USD277 million were made by the “General Government and the BCRA”, and USD244 million by the private sector.

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.

Finally, secondary income transactions had a deficit of USD14 million.

III.2 Capital Account

In September, the capital account of the foreign exchange balance recorded net inflows for USD11 million.

III.3 Foreign Exchange Financial Account

In September, net outflows for the foreign exchange financial account totaled USD2,384 million. This result was explained by a deficit in the “General Government and the BCRA” (USD2,106 million), in the “Non-Financial Private Sector” (USD378 million), and in “Other Net Transfers” (USD192 million), which were partly offset by the surplus recorded in the “Financial Sector” (USD293 million) (see Table III.3.1.).

Table III.3.1. Foreign Exchange Balance

Foreign Exchange Financial Account

Equivalent in million dollars

Date	sep-20	oct-20	nov-20	dic-20	ene-21	feb-21	mar-21	abr-21	may-21	jun-21	jul-21	ago-21	sep-21
Foreign Exchange Capital and Financial Account	-952	-1.302	-1.048	-53	-516	-365	-1.028	-1.243	-727	-137	-630	3.866	-2.384
Financial sector	201	372	-371	-1.422	298	216	-493	441	-292	-490	114	-100	293
Non-Financial Private Sector	-1.098	-687	-583	-281	-366	-368	-517	-217	-311	-601	-288	-285	-378
Public Sector and BCRA	-208	-202	-206	946	-657	-374	-182	-221	-109	-70	-882	3.961	-2.106
Other Net Movements	154	-785	112	704	209	161	163	-1.247	-15	1.024	427	290	-192

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 USD378 million in September, resulting basically from net payments of financial debt for USD445 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

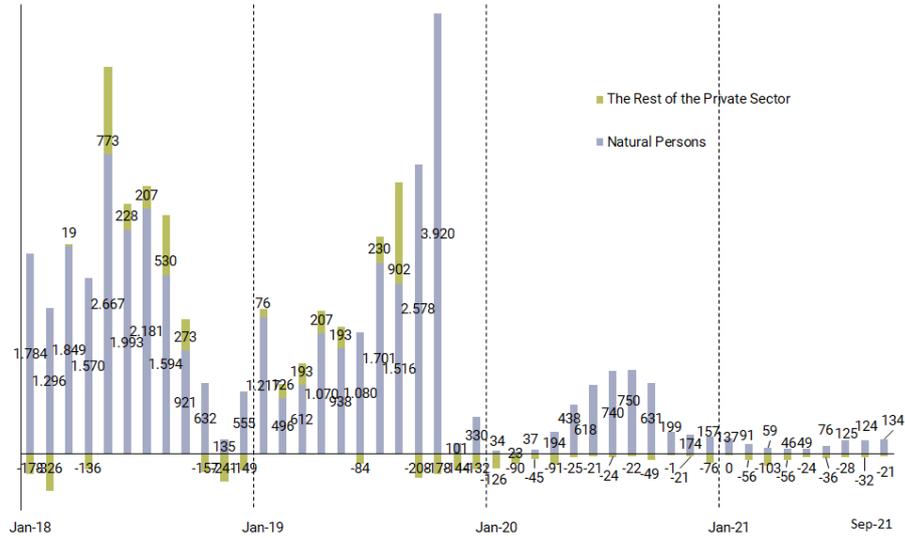
Date	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
Foreign Exchange Financial Account	-1.098	-687	-583	-281	-366	-368	-517	-217	-311	-601	-288	-285	-378
Non-Residents' Direct Investments	60	54	63	84	71	58	65	42	52	66	65	51	82
Non-Residents' Portfolio Investments	3	-4	1	-1	-5	1	3	1	1	5	0	2	2
Financial Debt and Credit Lines	-511	-426	-439	-280	-338	-364	-515	-287	-296	-670	-279	-265	-424
Loans from Other International Organizations and Other	-80	-58	-54	-5	2	7	21	8	-14	-44	-11	1	-21
Buildup of Foreign Assets by the Non-Financial Private Sector	-434	-201	-111	89	-98	-2	253	52	28	-32	-126	-82	-118
Self-to-Self International Transfers	-136	-52	-44	-166	2	-68	-343	-32	-82	74	62	9	100
Purchase and Sale of Securities	0	0	0	-1	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 USD118 million: USD113 million in net purchases of foreign currency and USD5 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 USD134 million made by “Natural Persons”, partially offset by net sales for USD21 million made by legal persons and others (see Chart III.3.1.1).

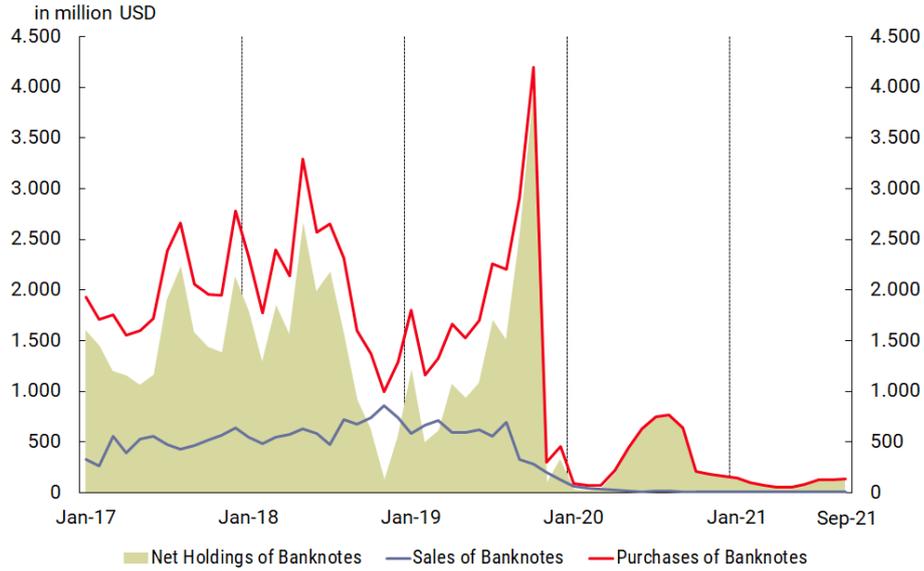
**Chart III.3.1.1 Foreign Exchange Balance
Net Purchases of Banknotes by Sector**



Source: BCRA

“Natural Persons” purchased banknotes for USD140 million, up 7% against August, and they sold USD6 million (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).

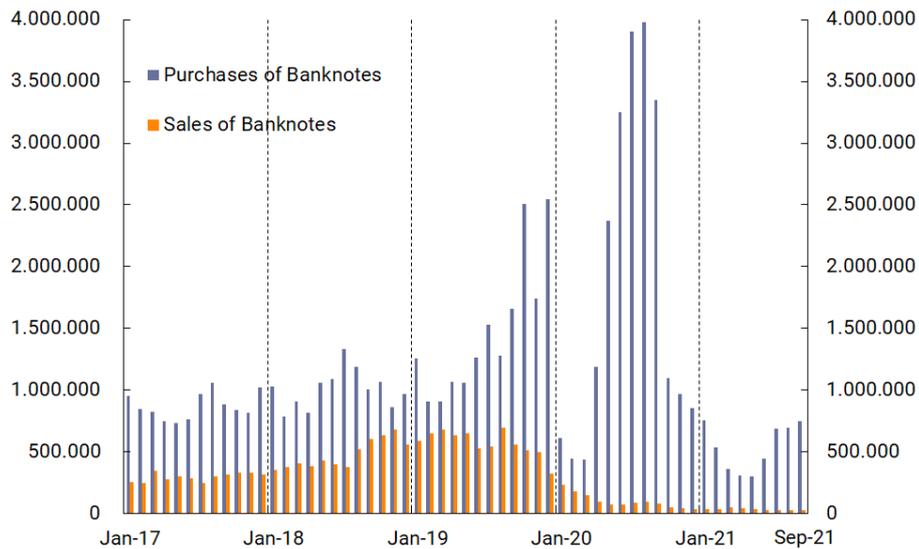
**Chart III.3.1.2 Foreign Exchange Balance
Natural Persons. Banknotes**



Source: BCRA

In terms of traders, 746,000 individuals purchased banknotes (50,000 more than in August), while sellers amounted to about 31,000—with per capita purchases and sales for USD187 and USD179, respectively (see Chart III.3.1.3).

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



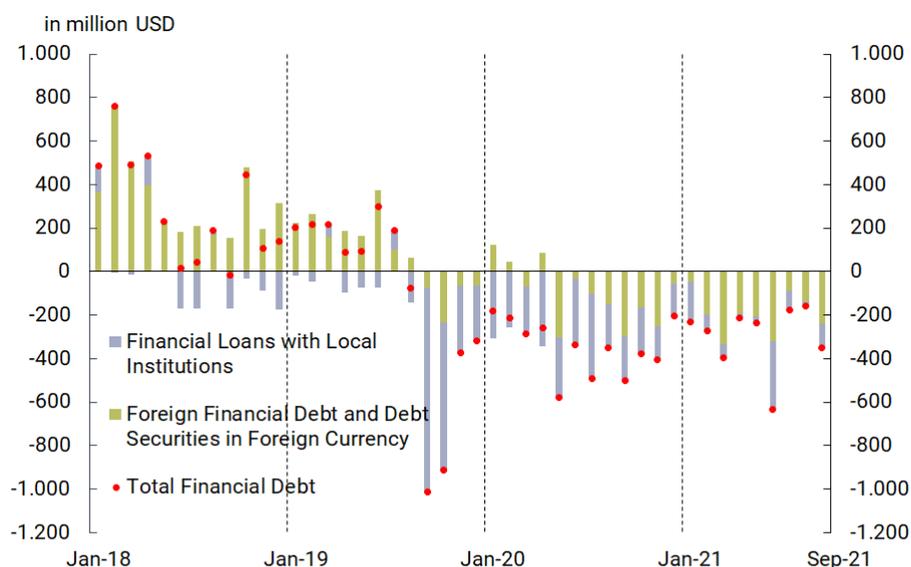
Source: BCRA

In turn, as it has already been mentioned, in September, this sector made net transfers to their own accounts abroad totaling USD5 million. The transfers made by “Natural Persons” amounted to USD36 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 “Institutional Investors and Others” (USD21 million), and from the “Real Sector” (USD10 million).

Net payments of financial debts, including loans from international agencies, totaled USD352 million in September, out of which USD113 million stood for net payments to local institutions, and USD239 million for the payment of other financial debt in foreign currency (see Chart III.3.1.4).

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

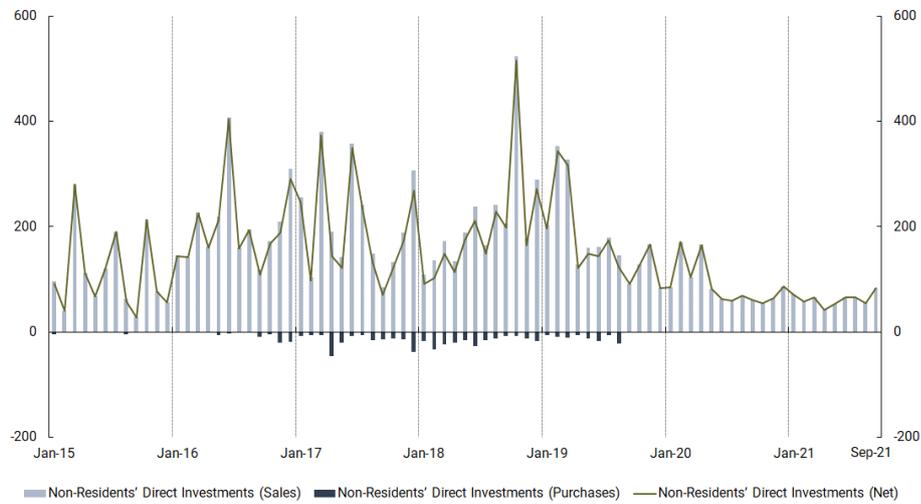


Note: Local financial debt excludes the purchases of foreign currency to pay card bills

Source: BCRA

Direct investments made by non-residents recorded net inflows for USD82 million in September. The “Oil” sector recorded the highest number of sales as a result of direct investment inflows, totaling USD53 million (see Chart III.3.1.5).

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



Source: BCRA

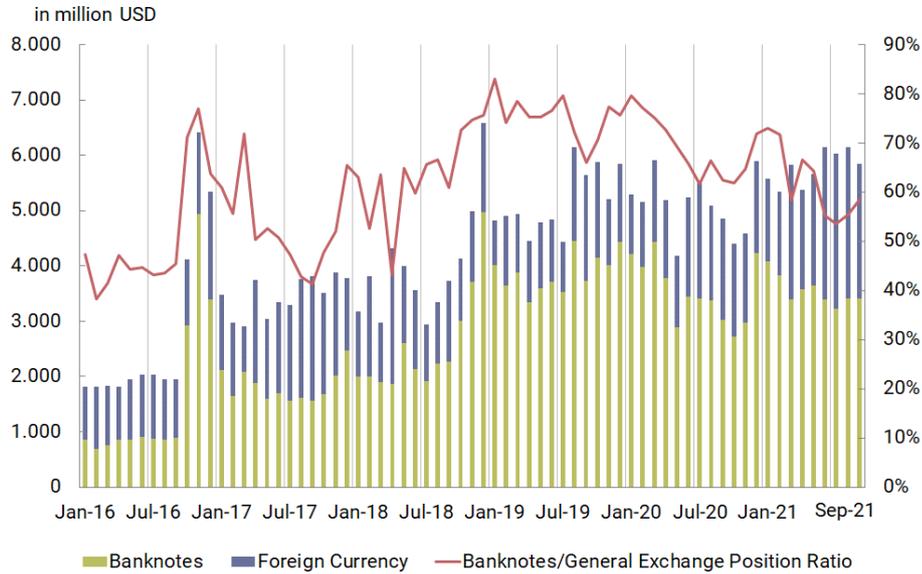
Finally, due to the regulatory changes implemented that limited the transactions carried out by institutions with their own funds, foreign currency flows from transactions carried out with securities in the secondary market posted no movements.

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

In September, the transactions carried out under the foreign exchange financial account of the "Financial Sector" resulted in a surplus of USD293 million. This outcome is mainly explained by a decrease in liquid foreign assets of financial institutions' General Exchange Position.

Financial institutions' General Exchange Position amounted to USD5,835 million at the end of September, down USD307 million against August. This may be mostly explained by a drop in the stock of foreign currency amounting to USD315 million, partially offset by a rise in the stock of banknotes amounting to USD9 million. Holdings of foreign currency banknotes totaled USD3,412 million by the end of the month. This stock accounted for 58% 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).

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



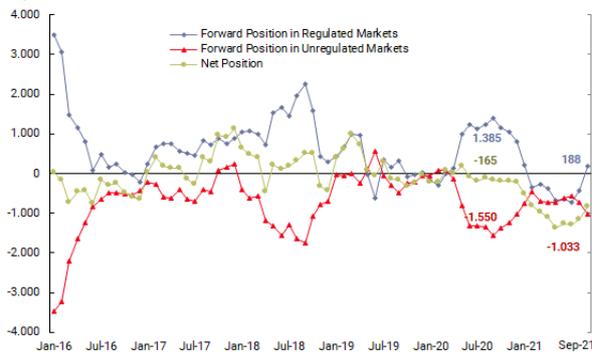
Source: BCRA

On another note, the ensemble of financial institutions ended September with a forward short position in foreign currency of USD845 million, recording a decrease of USD320 million against the end of August. They purchased USD628 million in regulated markets and sold USD308 million to their clients directly (Forwards) over the month (see Chart III.3.2.2).

Foreign-capital institutions' net purchases amounted to USD291 million, and those of national-capital institutions totaled USD29 million, ending September with net short positions of USD578 million and USD267 million, respectively (see Chart III.3.2.3).

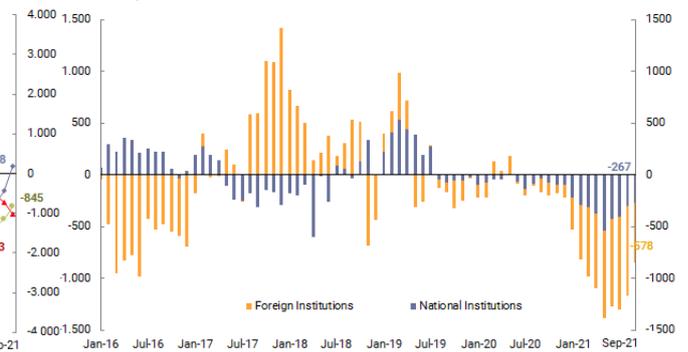
**Chart III.3.2.2 Forward Market
EOM Institutions' Forward Position**

Equivalent in million dollars



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

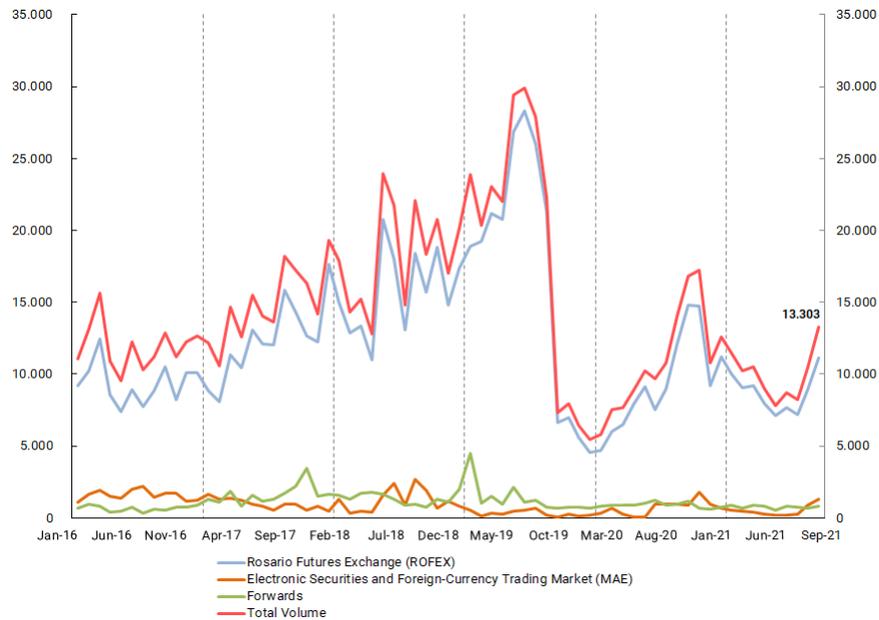
Equivalent in million dollars



Source: BCRA

The volume traded in forward markets totaled USD13,303 million in September, i.e.: USD633 million daily on average. The total volume traded increased 27% against August and decreased 21% year-on-year. Transactions carried out in the Mercado a Término de Rosario (ROFEX) continued to stand out, with an 84% share in the total volume traded in the forward market (see Chart III.3.2.4).

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

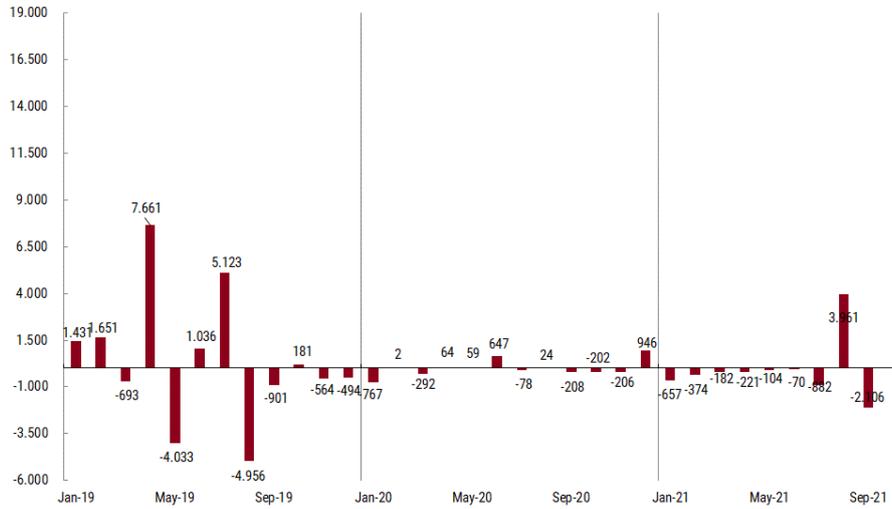


Source: BCRA

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

In September, the transactions carried out in the foreign exchange financial account of the “General Government and the BCRA” recorded a deficit of USD2,106 million, mainly explained by the repayment of principal of debts to the IMF at maturity, totaling USD1,884 million (see Chart III.3.3.1).

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

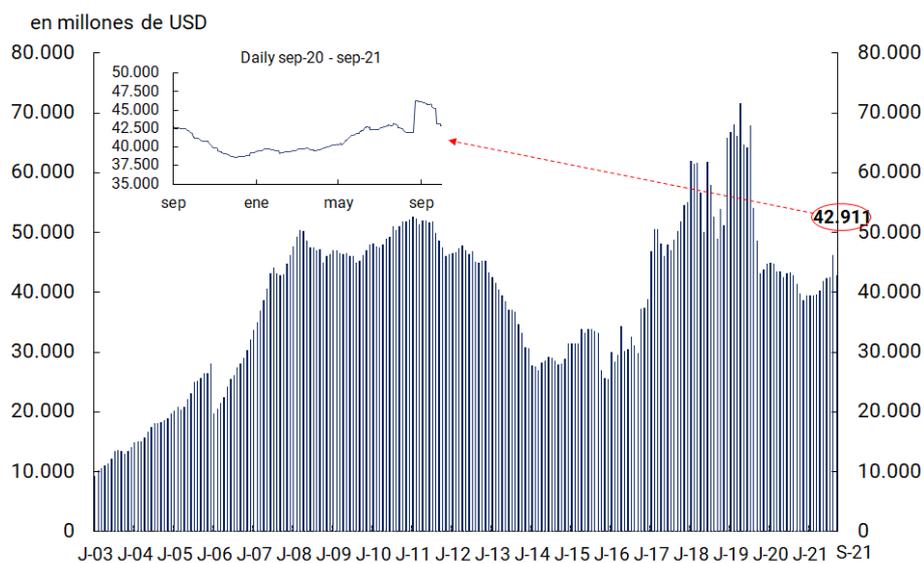


Source: BCRA

IV. BCRA's International Reserves

During September, BCRA's international reserves fell USD3,269 million, totaling USD42,911 million by the end of the month (see Chart IV.1). This decrease was mainly explained by the payments of debt made by the National Treasury to the International Monetary Fund and other International Organizations, by the net sales of the BCRA through the forex market for USD956 million, and by BCRA payments under SML agreements for USD73 million.

Chart IV.1 BCRA's International Reserves

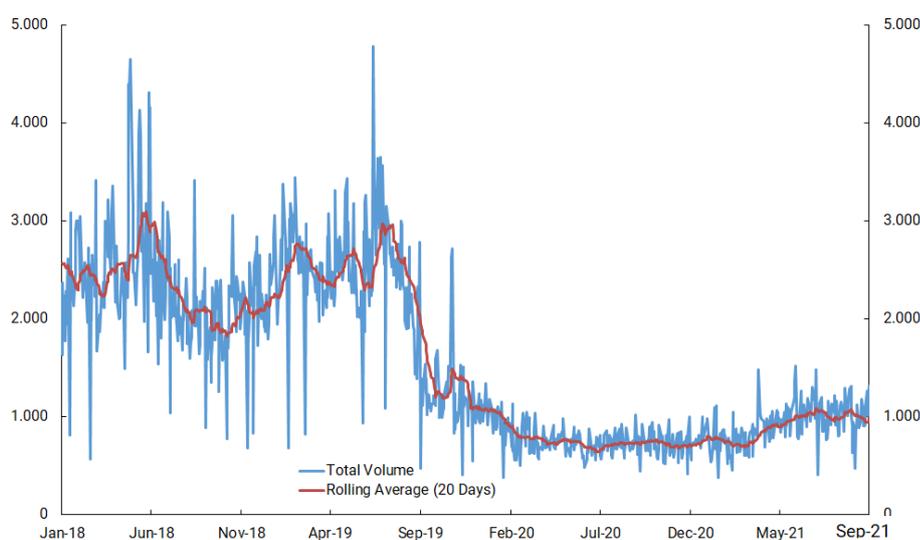


Source: BCRA

V. Volumes Traded in the Foreign Exchange Market

In September, the volume traded in the forex market totaled USD22,579 million, up 36% y.o.y. The average daily volume traded was USD1,026 million (see Chart V.1). The y.o.y. increase in the volume was explained by a 27% increase in transactions carried out between licensed institutions and their clients, and by a rise of 94% in transactions carried out between financial and foreign exchange institutions.

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



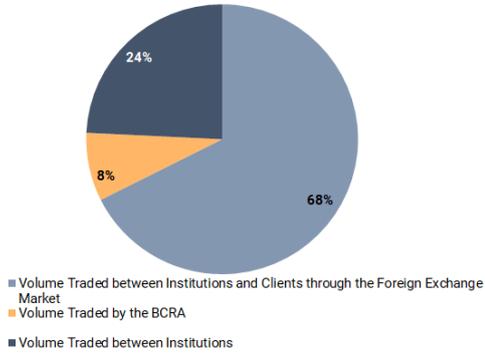
Source: BCRA

Foreign exchange transactions between institutions and their clients accounted for 68% of the total volume traded, while transactions between institutions—mainly through the Electronic Trading System (SIOPEL)—represented 24%; in turn, transactions between institutions and the BCRA stood for the remaining 8% (see Chart V.2).

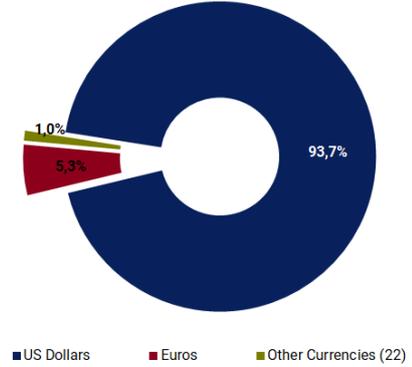
Given that we are still in the midst of the pandemic, coupled with the measures ordered by the National Government to mitigate the spread of COVID-19, and the fact that foreign exchange market transactions were mostly made online, in September, there were only 96 trading institutions (96 against more than 245 as was usually the case before the pandemic), and 24 different currencies were used (24 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 96 institutions, the first ten accounted for almost 89% of such volume) and in the currency used; USD-denominated transactions had a 94% share in the total traded with clients, followed by Euros, which accounted for 5% of the total (see Chart V.3).

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



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



Source: BCRA

Finally, 80% of foreign exchange transactions between financial and foreign exchange institutions were channeled through private financial institutions. Public banks accounted for the remaining 20% of transactions, foreign exchange houses and agencies having a marginal share—less than 0.1%.