Martín Redrado: Central Bank of Argentina's key mission for the next six years

Speech by Mr Martín Redrado, Governor of the Central Bank of Argentina, before the Senate, Buenos Aires, 5 October 2004.

* * *

Thank you very much, Mr. Vicepresident, Mr. Chairman of the Agreements Committee. On the occasion of my first public speech I will present the guidelines of the office Mr. President has entrusted to me for the next six years.

As Chairman of the Central Bank's Board, I wish to deliver on a very clear and precise mission, which is intended in the first place for the more than 2,300 employees I am in charge of leading in the coming years, but also for the general public and the Senate so that it may assess our management's goals and how we attain them over this 6-year term.

I would like to underline that the Central Bank's key mission for the next six years is to make the peso become a store of value for the Argentine people as a whole. In recent times, we have succeeded in recovering the peso, our country's currency, as a transaction reserve. The Argentine people have resumed transactions in pesos. However, our mission's main objective is to restore the peso's power in terms of saving, because only by consolidating Argentine savings in pesos can we encourage a vigorous investment process that should permit the fulfillment of the financial system's major role in transforming Argentine savings into investment, into a productive investment that creates more employment, more well-being and more possibilities for the population as a whole.

In a word, the major role of accomplishing these targets and of making the peso become a store of value implies that every monetary policymaker decides what instruments will be used.

On some occasions throughout our history, our exchange rate has been pegged as an anchor for our monetary policy. Other countries instead have pegged their interest rate. I would like to be very clear on this point - the Central Bank of Argentina has established that an inflation targeting approach is the Bank's best contribution to allowing our people to save in pesos and to appreciating our people's real wages. This is our Bank's major role. It may be seen as an indirect and subtle role in furthering well-being and real wage growth, but protecting our currency's value indeed leads to encouraging saving in pesos and therefore long-term saving.

And now, I would like to focus on this inflation targeting policy because I feel it has caused enough confusion, at least in the public opinion and perhaps among some analysts.

First, the concept of inflation targets allows the Central Bank to set goals on an annual or several-year basis. These goals help underpin the expectations of the citizenry, investors and producers, and serve as an anchor for decision-making regarding investment, consumption, and expense. Therefore, monetary policy tools should become neither a dogma nor a fetish. The monetary policy will be guided by inflation targets, which does not imply that the Central Bank's Governor, Board, and 2,300 employees working with me as from September 23 should be focused solely on the inflation rate. It is a matter of nuances.

The Central Bank's Governor must naturally focus on the inflation rate but also on other economic variables, especially on growth, employment and income distribution. It is a matter of nuances. This Board will clearly make its monetary policy hinge upon inflation targeting, but it will not be a blind Board. It will not be a Board working as if on a desert island, but it will consider all the economic variables and, at the same time, base its credibility on the establishment of these goals.

And as the establishment of these goals is related to their communication to the general public, I would like to make a commitment with all of you, with the Budget and Treasury Committee, and with the Finance Committee. Every three months, I will personally report on the inflation targets, on how the purpose of this monetary program will be met, so that we can recover the budding credibility our monetary policy is getting after attaining the expected targets over the last 16 running months.

Credibility can only be built by seeking the fulfillment of those goals on a step-by-step and daily basis.

I would like to point out the first goal of my office, namely to consolidate the peso as a store of value. But, as any other Central Bank, I intend that the interest rates and reference rates set by the Central

Bank and especially what the economists know as government bond yields should become a key tool in economic policy, despite their decline in recent years.

When you analyze, for instance, the management of other central banks, you see how they set a short-term reference rate on a monthly or two-month basis. This not only provides a further monetary policy tool that enables us to control inflation expectations but also serves as a benchmark for the financial system in the first place, and then for the private sector. It allows us to correlate a variety of yields based upon real facts. Thus, efforts have already been made to set a rate and a 3-year yield curve. The idea is to establish a short-term reference rate and then extend the terms so that long-term funding may be obtained. Naturally, if we are thinking in terms of strengthening, as stated by Mr. Vicepresident upon opening this session, one of the major challenges is the creation of long-term credit in pesos. And when we complete our office on September 23, 2010, we will be judged by two factors - the maintenance of currency stability, real wages, and the purchasing power, and our contribution to Argentina's growth through the creation of a medium- and long-term credit market, which is still non-existent in our country. With this target in mind, it is of course necessary to strengthen financial institutions in terms of liquidity and solvency.

We must therefore encourage banking services, that is, the possibility of having more deposits in the financial system, of having the financial system provide more services in terms of payment services to the population as a whole. Which is our starting point? It is important to know which is our frame of reference. I will briefly outline the international and domestic frames because we must be aware of the risks involved in the international scenario, which also account for the US current account deficit.

As you all know the US currently suffer from a high current account deficit, today amounting to nearly 6% of their GDP, along with a fiscal deficit. In my opinion, if an economic analyst had a look at the figures of the US economy unaware of the country in question, it could easily forecast that it would soon run into trouble. And the Chairman of the US Federal Reserve told me that an adjustment is unavoidable. I cannot say when or how this will occur, but I can say that there will be an increase in interest rates, and that next year's scenario will be one of growth. For the first time, all the regions in the world are growing, both the US, at a 4% rate, the EU, at a 2% rate, Latin America, whose economy has begun to pick up again at a 3.5% rate, and Japan, which after a long recession is growing at a 4% rate, although this may prove unsustainable over time.

We can therefore state that we have an interest rate increase scenario. The Federal Reserve has already raised the short-term rate, the federal funds rate, and we can see that the gap between the short and long-term rates has been reduced. Today the world is witnessing an increase in interest rates, which so far has been very gradual. I would like to touch especially on some issues that were discussed in Washington last weekend. The Federal Reserve has made a special point of it and Dr. Greenspan has asked the monetary authorities worldwide for flexibility, so that they may be in a position to absorb any shocks arising in the international markets. The main request by the US today is that China should loosen the exchange rate peg to the dollar.

China has maintained a pegged rate regime. Its Central Bank has the largest reserves in the world, with US$ 450 billion, and if the Chinese administration floated the Renminbi, their currency would be revalued. What would a revaluation bring about? It would make Chinese goods more expensive and it would hamper China's massive exports, especially to the US. Just to give you an idea, the US have a trade deficit on the order of US$ 110 billion with China, and are therefore requesting a flexible exchange rate. Let me tell you that on Friday I had lunch with the Governor of the Central Bank of China. We discussed the new state policy pursued by our president aiming at a rapprochement with the Pacific Asia region, in particular with China, as our countries undoubtedly complement each other in many ways. The Governor then said that 'we will not float our currency. The US can rest assured that we will continue to buy US Treasury bonds, so that there is nothing to be concerned about.' Summing up, as far as the central banks go, no changes are expected in their current asset composition, given that many of these banks in Southeast Asia hold a large number of US Treasury bonds. However, in this scenario the private sector might claim that it has reached a cap with regard to US asset holdings, so that a higher increase in interest rates could follow.

Last time an increase in interest rates took place world wide, during 93-95, we suffered the Tequila effect. But then Latin America's economic policy as a whole was totally different from today's. Basically, most economies had a fixed exchange rate, with growing indebtedness and expanding fiscal policies. Today's scenario is just the opposite. First, we are less dependent upon foreign capital. Most of our countries have a balanced current account. In Argentina's case, you all know that we have a large trade surplus and therefore a good dollar inflow. We also have more flexible exchange rate regimes and more cautious fiscal policies. It is true, however, that our country still has to deal with a high indebtedness level inherited from the past.

What I mean by this is that, as far as any likely adjustments in the international economy are concerned, we currently have a more flexible monetary, fiscal, and financial structure. What Alan Greenspan stated on Saturday is clearly happening in Argentina. Today our country has enough flexibility to adjust to any unexpected events arising in the international scenario.

Let us now focus on the domestic scenario. At the moment, Argentina basically has an economic policy structure with a very conscientious fiscal policy and a primary surplus on the order of 4 percentage points of GDP. With a current account surplus, Argentina's exports this year will be worth US$ 11.5 billion more than its imports. This means funding for our companies and exchange rate stability. The Central Bank's projections for next year also indicate a steady continuity of surplus. If an economy has fiscal strength as well as strength in the foreign sector, it has a positive cashflow and enough backing to face needs and any external crisis. In this scenario, ours is a flexible but cautious monetary policy. We have therefore been capable of partly overcoming our major worry, and I am saying this not as an economist or as the Governor of the Central Bank but as an Argentine citizen. We have succeeded in improving our social indices, with a decrease in poverty and unemployment levels. There is of course still a huge amount of work ahead.

As to the fiscal accounts, we can see that on the right axis the fiscal surplus accounts for almost 4 percentage points of our GDP. On the left axis, in red, we have primary expenses, income. There is clearly a surplus providing good backing for healthy policies. Finally, while exports and imports are growing, some gaps still exist. We have enough cashflow to honor our commitments and to create a more fluid financial system and exchange rate regime.

Let us now focus on the core of this presentation, that is, our monetary policy. You should be left with no doubts as to how you can assess our performance every time we come here or whenever you deem it necessary. This relates to the credibility of the monetary targets and inflation expectations as an anchor, as a frame of reference where the general public, the consumers, and the companies can act. And it must be acknowledged that we have built on the basis of a credibility that has increased over the last few months.

First, there is a consensus on inflation expectations, as shown in the survey conducted by the Central Bank among more than 50 research agencies, consulting firms, etc. (Survey on Market Expectations). The range we have included here, which also appears in the 3-year Program as agreed upon with the International Monetary Fund for next year, is between 5% and 8%, and 7.9% as per the budget. Let us see how expectations are falling halfway through these figures, which implies that the targets set by the Central Bank are credible because everyone expects the inflation rate to drop between 5% or 8%.

In terms of distribution, i.e., the number of firms, consultants or foundations forecasting inflation between 7% and 9%, there are no great differences concerning expectations. This means, as reported, that the Central Bank's monetary policy is credible both for the general public and the analysts.

The Central Bank has been showing a consistent monetary policy and has set quantitative targets considering the severe instability suffered in recent years. Therefore, the Bank has adopted a monetary base and has set an expanded monetary base as a target, which has allowed us to move forward. However, I am convinced that the best way to work in future is by establishing an inflation targeting policy.

As to monetary issues, in recent months the monetary base has remained within the target inflation band as agreed upon in the 3-year program, which strengthens credibility and keeps the inflation rate down.

As to whether there is a big amount of money, as to whether this amount has been increased too much in recent years, or whether there is still enough room for a monetary base expansion, I would like to show you which are the Central Bank's current monetary contraction tools or which are the tools available today in the market to absorb and control an oversized monetary base expansion.

First, it should be noted that this is a surplus administration with a tightening approach because it saves more than it spends. Also, the quasi-monies have been absorbed. The financial sector follows an equally tightening approach. During 2002, a series of rediscounts were granted with a view to assisting financial institutions face the bank run. Now, as agreed, they are repaying them to the Central Bank, and this has led to monetary contraction.

There is also the Central Bank bills, the so-called LEBACs, which have also served as a monetary absorption instrument. Let us see now how they are being used to set a longterm rate. And which has been the major source of expansion? What I have just pointed out. Thanks to the dollars coming from foreign trade, that is, to Argentina's foreign trade surplus the Central Bank has been able to buy those dollars, issue pesos, increase reserves and circulation.

What do I mean by this? We are in a position to have this expansion capacity because we have reached a balance. Any monetary policy must, by definition, be a cautious one, a policy that seeks a balance. Here are three contraction sources and only one expansion source, which is not illegitimate but sound. Our country's productive integration with the rest of the world is creating the resources the Central Bank is currently acquiring.

I would like to comment on something the economic analysts have been discussing these last days. Is there a large or a small amount of money? Has there been a substantial currency issue? There was a significant increase when the more than 6 billion in quasi-monies were absorbed. But then we have always maintained the same monetary program, with an increase in the amount of money.

However, it is clear that in any economy we focus on other monetary instruments apart from money in circulation, such as sight deposits and time deposits. And when we analyze our country in terms of further monetary instruments, that is, not only considering the notes and coins in the hands of the public but also the checking account deposits, the sight deposits, and especially the time deposits, there is still plenty of room for growth.

We should note that this scenario of monetary stability has made a major contribution. There is the idea that the Central Bank intervenes considerably in the exchange market, and in fact I can show you that the volumes operated by the Central Bank are becoming less and less significant. We want to provide predictability and that the Central Bank's interventions should be predictable. A Central Bank should not come up with surprises. And this has also enabled us to recover our reserves.

I will therefore comment briefly on this other instrument which in my opinion is of great importance, namely, setting an interest rate, a market reference rate. And we can see what has happened with the so-called LEBACs. Since January 2003 rates have been dropping, while maturity terms have increased. On average, these bills mature approximately in 300 days, having started at less than 100 days.

Our intention is to gradually extend maturity terms, so that bill auctions may not only show a drop in interest rates. And you have surely been able to assess the outcomes of last week's first auction under the new authorities. We plan to continue on this path with every auction called by the Central Bank, that is, we do not want to use the LEBACs as an absorption instrument but basically as a reference rate.

Another of our major goals will be to set what we know as a short-term reference rate. In May this year, owing to tax due dates, especially income tax, many companies had to borrow money from the interbanking market, which led to a significant cash demand. Following this, the Central Bank set a rate for swaps. As you know, swap operations consist in the Central Bank buying and buying back bonds to borrow or lend money.

As way of example, today the Central Bank has set the so-called passive swaps corridor whereby the Central Bank borrows money from financial institutions at a 2.5% annual rate. It has also set an active swaps corridor with a 3.5% cap whereby the Central Bank lends money to these institutions. Market rates have gradually converged toward this corridor. Our intention is to use this economic policy tool as a way of converging toward and not just setting this market reference rate.

At present, the pubic sector's deposits in the Banco de la Nación and other public banks amount to 30 billion pesos. Of the 100 billion pesos deposited in the financial system, a third corresponds to the public sector. Since our very first week in office, our Board has attempted to make public banks become more active in the swaps market, and in particular that we may reduce the gap in this corridor, today between 3.5% and 2.5%. During last week, we have seen the Banco Nación operate with a narrower corridor, lending money at a 2.8% annual rate. This shows that setting a reference rate and working jointly with the other public banks is already yielding fruit.

I would now like to go back in history a bit to avoid tags. During the 80s Argentina's monetary policy was hyperexpansive. The Central Bank was always issuing to offset the imbalances of the public sector. The monetary base was always expanding and never contracting. Therefore, the Central Bank contributed to the growing inflation and recession.

In the 90s the capacity to conduct a monetary policy disappeared. The exchange rate was pegged and the remaining variables had to adjust to that exchange rate. The Central Bank never offsets imbalances and is not a lender of last resort, since this leads to deflation and economic recession, as happened between 1998 and 2002.

Which is our vision concerning the Central Bank's new reality for the next decades? A flexible monetary policy capable of adjusting but at the same time extremely cautious. The policy must be expansive when the economy so requires and it does not pose a threat to inflation stability. Basically, if we have a contractive fiscal policy we are in a position to generate an expansion policy. However, we are clearly focused on the inflation rate and inflation expectations for the coming years. And if inflation stability is threatened, the monetary policy must necessarily be of a contractive nature.

Now some thoughts concerning the financial system. The adjustment strategy followed by our financial system is also an atypical strategy with regard to what happened under other crisis situations. In those cases, there was someone arriving with a 40 billion dollar check to recapitalize financial institutions. Argentina has not been given the possibility and its only asset has been time. And by capitalizing on time, financial institutions have had the chance to recover profitability, liquidity, and solvency.

If we analyze the last quarter, loans have been growing at a 30% annual rate. Anyway, what in fact grows is the short-term loans. The long-term loan market is not active as yet, and although deposits are keeping an upward trend, the pace is very slow.

The adjustment of the financial system has already been made, and I want to be very clear on this point. As to the employment rate, measured in thousands of people, today nearly 90,000 individuals work in the financial system. With regard to the financial institutions, there are currently 90 of them, and there has also been a reduction in the number of branches. We must acknowledge, however, that our financial system requires a greater lending capacity so that it may expand.

In terms of loans to the private sector, they barely account for 8% of Argentina's GDP in 2004. In 2000 they accounted for 22%. We intend to raise this indicator to international levels with a view to creating more long-term loans in pesos for the people, more loans for households.

We should also ensure a wider credit distribution. The industrial sector is receiving 3.8% of asset financing and primary production 2.7%. These figures show us the road map, the diversification, the increase we must allocate to these sectors. But an increase in loans requires a scenario of solvency and liquidity, and to this end loan loss allowances should increase, as they have actually done and the Central Bank must safeguard this rise. Furthermore, the non-performing portfolio must drop with respect to total financing. Today we must face a series of challenges - our deposits have very short terms, there is a mismatch in interest rates and in assets and liabilities adjustments. As you know, some liabilities in the financial system are currently adjusted by the CER index; hence the need to work on risk coverage tools.

Another major goal is to set regulations that may allow small and medium-size businesses recover access to credit, that may allow credit back to companies which due to the crisis have been forced to refinance their debt. In general, there is a flaw in the financial system and in our control system which to me is critical, namely, looking back instead of looking ahead. Any business must be judged by its payment capacity, its business plan, its volume of exports and of sales, its growth expectations, and in many cases, to put it clearly, the banks, the Central Bank's past and current regulation looks at the picture rather than watching the movie, that is, it makes an equity analysis.

Every time we go to the bank we are asked what kind of real collateral we can offer, and in fact the banks' business is not to be real estate agents. Our aim should not be for banks to get houses or apartments or factories, the real collateral, when things go wrong, but to make a true assessment of future risks. The financial system should not be a real estate agent but should be capable of efficiently managing people's savings and invest them productively.

Therefore, the first thing is to be able to give a debtor a one rating, even if he has refinanced. In the past, if someone had refinanced his debt, he could no longer get new loans. But this is changing. However, we must avoid focusing so much on equity.

So I think there is much work ahead, and in this sense we are going to listen to everyone's opinion. You know that our approach is to seek a consensus, and this has been demonstrated during our recent office in the public sector. To seek a consensus because these policies should neither favor a given party nor be ideological. These policies should belong to the Argentine people as a whole, and we shall work with all the sectors, with the productive sectors, with a view to loosening regulations without compromising on solvency or liquidity, so that more and more people may access credit and the regionalization of credit may be implemented. And in this sense the Executive Power's action with regard to credit unions has been significant. We plan to help advance this issue as we believe that credit should reach all the corners of our country, and we are therefore working in this direction. We want to improve regulatory standards so that they should be closer to our country's reality, and thus generate credit for the private sector.

But it is clear that the major challenge is that all our deposits are short term. We cannot request banks to give long-term loans if their whole funding is short term. That would be wishful thinking on our part. We should then note that the private sector deposits are stagnant. The only thing that is growing today is the public sector deposits. But time deposits, except for CER-adjusted deposits, are markedly inactive. Hence the need for our management to focus on the creation of new instruments that may persuade people to save again. We should note that time deposits are decreasing while CER-adjusted deposits, as shown by the blue line, are increasing, which is leading to the mismatch I have just mentioned. And this is an issue deserving our attention. What steps must be taken to generate long-term funding? New instruments must be created, and perhaps one of the hallmarks of our office at the Argentine Securities Commission (*Comisión Nacional de Valores*) was the introduction of new transparency regulations as well as the creation of a series of new instruments. As head of the Central Bank's new administration, I also intend to introduce a number of new instruments that may allow us to obtain long-term funding.

To start with, we have to create adjustable corporate bonds that may be placed mostly with the AFJPs (Pension Funds Managers). Today the AFJPs receive 200 million pesos by way of private savings on a monthly basis, and this amount is turned into certificates of deposit, into short-term deposits. Hence the need to create instruments. We will have to work with Congress on the fiscal treatment of this type of bonds, so that the financial sector may place corporate bonds at four, five or ten years. So, if it has ten-year funds, it may be able to relend them also at ten years.

We must also create what is known as adjustable deposits, that is of variable yield. Today we have fixed deposits. We are designing and are working on deposits that may serve as collateral for the principal, and whose return should be adjusted to a series of indices, such as the soybean index, the Merval index. The principal is therefore guaranteed and there is no risk, as may be the case for an uninitiated investor who invests in more sophisticated options of this kind. The principal is guaranteed but it has variability and there are new incentives to have certificates of deposits.

Moreover, I am convinced that institutional investors, such as insurance companies, investment funds and, of course, pension funds, should be allowed to buy portfolio, to buy portfolio directly from the banks, to generate funding. And to this end, regulations must also be of assistance. We must standardize loans to the private sector regarding maturity terms, interest rates, so that we may securitize, i.e, that those loans may be granted by the banks, that long-term bonds may be issued with the backing of such cash flow, and subsequently generate long-term instruments that provide funding to the financial system.

When we speak of consolidating the reference rate, we clearly mean being more and more active, by allowing the public and private banks to work more dynamically within this 2.5-3.5 corridor. We also mean encouraging swaps between banks so that the Central Bank is not the only market maker. Working on rate structure. You know that the Central Bank has LEBACs but also Central Bank notes. These notes are over 2-year bonds and we plan to extend maturity terms, so that in the next bill auctions there are longer-term bonds capable of generating yields over time and of becoming a reference for the market as a whole.

In this sense, one of our first actions last week was to restrict operations to swaps, i.e., 7-day swaps with LEBACs. Also, with long-term bonds, with Central Bank notes. Why? To promote a wider use of these bonds, and once there is a greater hunger for them, we can launch longer-term issues and thus extend maturity terms and interest rates, and make our system more trustworthy.

We said we need a financial system in pesos, with an efficient lender of last resort. In a word, we have for the first time a retaining net that was non-existent when our financial system was in trouble. Therefore, we must have a policy of optimum cash requirements to optimize liquidity.

At the beginning of my presentation, I said we should encourage the financial system's raw material, that is, the banks and banking, both in terms of services, which I shall explain right away, and in terms of deposits. We should note that, although the money in circulation in the hands of the general public has increased from 4.2 to 6.5 of the GDP, banking services are still not widely used. There is

0.5 account per inhabitant, while in other countries there are 2.7 accounts. And this has to do with strengthening institutions, with restoring their credibility, and above all with conferring them more transparency.

We must also work, obviously according to fiscal needs, to lift a tax that today is clearly distortive, namely, the tax on bank debits and credits. The blue line shows the 0.2% yield of time deposits. This drop in certificates of deposit is undoubtedly accounted for by the tax burden. Here we had a negative yield, as shown by the dark blue line, or a very small yield. And the orange line indicates the implicit income tax rate as a result of a tax on bank debits and credits. At present, the income tax thus obtained accounts for 75%. I am fully aware of the fact that fiscal needs should be our paramount concern, but if we want more savings we must remove dispersions. And this has to be done gradually and jointly with the Executive Power.

If our intention is to have a wider use of banking services, we cannot expect a magic solution. We must remove the tax on bank debits and credits and we must urgently improve transparency. We should provide more and better information, that is, there should be no implicit costs, no productive interest rates, no small print statements deceiving us at the time of requesting a loan, even the shortest-term loans. As to credit cards, we cannot expect an increase in the use of credit card services and payments if costs are not transparent.

I would like to stress the contribution that this House has made toward the regionalization and increase of credit to all the sectors throughout our country, and also to small- and medium-size businesses. Setting up cooperative credit unions is topmost in our agenda, so that once regulated they may rapidly be promoted and be present at even the smallest villages in our country. Being subject to less requirements and having less obligations, these credit unions will permit any community in Argentina to ask for a loan, and the financial sector may act accordingly.

Also, if we note the losses suffered by the financial system in the past, we can see that asset profitability is slightly improving. Here's an issue we will gradually improve on. At present banks take deposits from the public at a relatively low rate, and if you analyze, as we have done with the Superintendent and our whole team, the situation of the 90 banks currently in operation in our system, we will see that most of them take deposits from the public and place them at the Central Bank as LEBACs.

As you know, today the LEBACs are accruing an annual rate on the order of 6.6%, which we have decreased a little and intend to drop even further. What's going on? Deposits are taken at 1.5, 2, 2.5% and placed at 6.5% without risk, when in fact they are being placed at the Central Bank. If we drop the interest rate, we will also put pressure on the financial system so that the excess of liquidity as deposits may be channeled toward (…). The way to strengthen the financial system is to increase capitalization, that is, that banks put their shoulder to the wheel, risk their capital. Because that is what it amounts to, and we are on the way to capitalizing banks for 2.2 billion pesos.

Summing up, you will be able to assess our work team basically by the accomplishment of these targets. I am a man, a professional, who has always set goals, and these goals, thanks God and because God has been by my side all along, I have always succeeded in attaining. And we want you and the general public as a whole to judge us by these goals, in terms of our capabilities, our efficiency, and above all in terms of our capacity of achievement.

And our goals are to consolidate price stability and restore the peso's role and value. Create a reference interest rate, a medium- and long-term reference, promote banking services, strengthen the financial system's health, and above all build a people-friendly financial system. And to be people-friendly it must comply with its key role, that is, create a long-term peso market that may assist, that may contribute to a fair growth process so that Argentina may become a fairer, more sympathetic country, in a word, a country worth living in. Thank you very much.