BANCO CENTRAL DO BRASIL

Minutes of the 164th Meeting of the Monetary Policy Committee (Copom)

Summary

Date: January 17th, 2012, from 4:20PM to 7:25PM, and January 18th, from 4:47PM to 8:16PM

Place: BCB Headquarters meeting rooms – 8th floor on January 17th and 20th floor on January 18th – Brasília – DF

In attendance:
Members of the Committee
Alexandre Antonio Tombini – Governor
Aldo Luiz Mendes
Altamir Lopes
Anthero de Moraes Meirelles
Carlos Hamilton Vasconcelos Araújo
Luiz Awazu Pereira da Silva
Sidnei Corrêa Marques

Department Heads (present on January 17th)
Adriana Soares Sales – Research Department (also present on January 18th)
Ariosto Revoredo de Carvalho - International Reserves Operations Department
Bruno Walter Coelho Saraiva – International Affairs Department
Daso Maranhão Coimbra – Department of Banking Operations and Payments System
João Henrique de Paula Freitas Simão - Open Market Operations Department
Renato Jansson Rosek – Investor Relations and Special Studies Department
Tulio José Lenti Maciel – Economic Department

Other participants (present on January 17th)
André Minella - Consultant to the Research Department
Emanuel Di Stefano Bezerra Freire – Executive Secretary of the Board
Gustavo Paul Kurrle – Press Officer
Nelson Ferreira Souza Sobrinho – Consultant to the Research Department
Wagner Thomaz de Aquino Guerra Júnior – Executive Secretary of the Board

The members of the Monetary Policy Committee analyzed the recent performance of and the prospects for the Brazilian economy and for the international economy, under the monetary policy framework, which is designed to comply with the inflation targets established by the government.

Recent Economic Developments

1. Monthly inflation measured by the IPCA reached 0.50% in December, after recording 0.52% in November, which resulted in the third consecutive retreat of inflation accumulated in twelve months. Inflation in 2011 stood at 6.50% (5.91% in 2010). Therefore, for the eighth consecutive year, inflation stood within the tolerance range established by the National Monetary Council (CMN). Market prices inflation stood at 6.63% in 2011, down from

7.09% in 2010, while regulated prices inflation reached 6.20% (3.13% in 2010). Regarding market prices, it bears highlighting that tradable goods inflation reached 4.41%, while inflation related to non-tradable goods increased 8.59%, compared to 6.87% and 7.28% in 2010, respectively. Specifically on services, inflation in this segment fell in December to 0.51%, after rising 0.59% in November, but ended 2011 at a high level, 9.01% (7.62% in 2010). In short, the set of available information suggests a declining trend of inflation on a twelve-month accumulated basis, but some persistence of the high price hikes observed in 2011, which partially reflects the fact that services inflation remains at high levels.

2. Underlying inflation measures calculated by the BCB, in general, performed similarly to the observed in headline inflation, with slight decrease in the average of monthly changes, as well as in the average of twelve-month inflation through December 2011. The smoothed trimmed means IPCA core inflation moved from 0.59% in October to 0.55% in November and 0.58% in December, while the non-smoothed trimmed means core inflation changed from 0.44% to 0.42% and 0.39% in the same period. Similarly, the double weight core inflation, after registering 0.50% in October, increased to 0.53% in November and 0.54% in December. At the same time, core inflation by exclusion, which excludes ten household food and fuels items, declined from 0.47% in October and November to 0.41% in December, while the core inflation by exclusion of regulated prices and household food increased from 0.43% in October to 0.45% in November and 0.49% in December. Therefore, the average change of these five core measures changed from 0.49% in October to 0.48% in November and December. In the twelve months through December, the average change of the five core measures registered 6.59%, compared to 6.72% in November and to 6.82% in October.

3. The General Price Index (IGP-DI) registered 0.16% deflation in December, after increasing 0.43% in November and 0.40% in October. The decline in the index in December was driven by significant reduction in producer prices during the month. Thus, the IGP-DI accumulated inflation of 5.00% in 2011, after rising 11.30% in 2010. The main component of the indicator, the Wholesale Price Index (IPA), changed 4.12% in 2011, reflecting increases of 4.46% in the industrial IPA and 3.15% in the agricultural IPA. According to the breakdown by stage of production, there were increases in the prices of raw materials (5.49%), intermediate goods (3.27%) and final goods (3.88%). Inflation measured by Consumer Price Index (CPI), another component of the IGP-DI, stood at 6.36% in 2011, slightly above the 6.24% recorded in 2010. The Civil Construction National Index (INCC), component with the lowest weight in the IGP-DI, changed 7.49%. On its turn, the Producer/Manufacturing Industry Price Index (IPP/IT), calculated by the IBGE, was unchanged in November, after increasing 0.76% in October. In twelve months, this index changed from 4.68% in October to 3.20% in November. In general, the recent evolution of these indices indicates the reduction of the pressures stemming from wholesale prices over consumer prices.

4. The Brazilian economy grew 2.1% in the third quarter of 2011, compared to the same quarter last year, after growing 4.2% in the first quarter and 3.3% in the second quarter, according to the same comparison basis. According to data seasonally adjusted by the IBGE, GDP remained unchanged in the third quarter, quarter-on-quarter, after expanding by 0.8% in the first and 0.7% in the second quarters. Thus, the accumulated rate of growth in four quarters fell from 4.9% to 3.7%, which confirms that the Brazilian economy is in a cycle of growth that presents a pace more in line with rates assessed as sustainable in the long run. The moderation in the pace of growth was noticeable in all components of domestic demand, and resulted, in part, from the policy actions implemented since the end of 2010, intensified by the deterioration of the global economic scenario since the third quarter of last year.

5. The Economic Activity Index of the BCB (IBC-Br) incorporates estimates for the monthly production of the three sectors of the economy, as well as for taxes on products, and constitutes, therefore, an important coincident indicator of economic activity. Considering seasonally adjusted data, the IBC-Br increased by 1.1% in November, after contractions of 0.5% in October and 0.1% in September. Thus, the rate of quarterly change between September and November stood at -0.3%. On the other hand, for the quarter ended in November 2010, growth was 0.9%. In twelve months, the growth rate, which has been slowing since November 2010, dropped from 3.5% in October to 3.0% in November. The Services Confidence Index (ICS), from FGV, continued to signal a moderate slowdown in the sector. In December, the index decreased 0.7% after falling 0.6% in November. Thus, the indicator at the end of 2011 stood 3.2% below the level observed at the end of 2010.

6. The Indicators of Credit Conditions, built based on consultation carried out quarterly by the BCB with financial institutions representing every segment of the credit market, signal, in general, more restrictive conditions for the quarter from January to March 2012. Regarding credit for large companies, the analysis suggests more restrictive scenario. For micro, small and medium companies, the indicators show a scenario similar to the observed in the previous quarter, with supply moderately more restrictive and demand moderately stronger, but at levels below those observed the third quarter of 2011. Regarding credit to consumption, the outlook for this quarter basically points to stability in the percentage of credit approval, quarter-on-quarter. For housing loans, despite the more selective supply by the financial institutions, the expectation of increasing demand induces a scenario with the approval of new lines, in this quarter, moderately above than the figures observed in the previous quarter.

7. Industrial activity increased by 0.3% in November, according to data seasonally adjusted by the IBGE, after falling 0.7% in October and 1.9% in September. Production increased in 18 of the 27 branches of activity in November, with the greatest expansion occurring in the machinery and equipment sector (4.0%). According to the quarterly moving average, industrial production declined 0.8% between September and November, after falling 0.9% in the period between August and October. Year-over-year, production decreased 2.5% in November, while on a twelve-month accumulated basis, it expanded by 0.6%. Compared to December 2008, month with the lowest output level during the 2008/09 crisis, the accumulated growth until September 2011 reached 22.0%. According to data from the National Industry Confederation (CNI), earnings in the manufacturing industry recorded 4.6% real growth in November, year-over-year, while the number of hours worked decreased 2.5%.

8. Among the industry use categories, according to data seasonally adjusted by the IBGE, in November there were increases of 1.6% in the production of capital goods, 0.4% in the production of intermediate goods and 2.2% in the production of non-durable and semi-durable consumer goods. Meanwhile, the production of durable consumer goods declined 0.9%. In twelve months through November, intermediate goods output increased 0.5%, while the production of durable consumer goods and non-durable and semi-durable consumer goods output fell by 1.2% and 0.1%, respectively. According to the same comparison basis, capital goods industry recorded the highest growth activity level among use categories, expanding by 3.8%, reflecting the dynamism of investments.

9. The unemployment rate in the six metropolitan regions covered by the IBGE Monthly Labor Survey (PME), according to observed data, reached 5.2% in November, compared to 5.7% registered in November 2010, after reaching 5.8% in October. After recording 9.0% in March 2009, the observed unemployment rate reduced significantly and reached a record low in October, since the start of the series in March 2002. The unemployment rate seasonally adjusted by the BCB decreased from 6.0% in October to 5.6% in November. At the same time, the occupation level followed upward trend observed over the last years and reached new record high in November (54.3%). Data released by the Ministry of Labor and Employment (MTE), however, indicate slowdown in the creation of new jobs. In November, 42.7 thousand formal jobs were created (compared to 138.2 thousand jobs created in November 2010), expanding the number of formal jobs in four of the eight sectors of economic activity. Services and trade were the sectors that mostly contributed for formal employment increase in the month. According to PME, real average earnings remained stable in November, growing by 0.7% in twelve months. As a consequence, real payroll, considering real average earnings in the six metropolitan regions, expanded 2.6% in November, year-over-year. In short, evidences indicate that although the labor market remains robust, there are signs of moderation at the margin.

10. According to the retail monthly survey (PMC) from IBGE, expanded retail sales increased 3.2% in November, year-over-year, after recording 1.6% growth in October and 4.7% in September, according to the same comparison basis. According to the seasonally adjusted series, expanded retail sales increased by 1.5% in November, month-on-month, after a fall of 0.3% in October and increase of 0.7% in September. As a consequence, the twelve-month accumulated growth rate reached 7.7% in November, down from 8.8% in October and 9.6% in September. According to this comparison basis, the volume of sales in all ten sectors surveyed expanded, with highlights for equipment and supplies for office, computer and communication (18.6%) and furniture and appliances (16.9%). Since October, the FGV, in partnership with the BCB has also

released the Trade Confidence Index (ICOM). This indicator provides important additional information, as it portrays the current state and signals the evolution of commercial activity in a more timely manner. The index continued to indicate slowdown in the sector in December, similarly to what occurred in the two previous months. In the upcoming months, the retail sales trajectory will continue to be influenced by governmental transfers, by the pace of real payroll growth, by the consumer confidence level and by moderate credit expansion.

11. The installed capacity utilization rate (Nuci) in the manufacturing industry, calculated by the FGV, without seasonal adjustment, moved from 84.5% in November to 84.1% in December. Thus, capacity utilization stood 1.6 p.p. and 1.2 p.p. lower than the levels observed in November and December 2010, respectively. According to the seasonally adjusted monthly series calculated by the FGV, the Nuci stood at 83.4% in December, reaching 3.3 p.p. below the record high recorded in June 2008. Capacity utilization is higher in the sectors of construction inputs (88.6%) and intermediate goods (83.8%). In the sector of capital goods, the Nuci stood at 83.3%, while in the sector of consumer goods, it stood at 82.9%. According to the Confederation of National Industry (CNI) data, seasonally adjusted by the BCB, the Nuci stood at 81.4% in November, close to the percentage observed in October (81.5%). The rates of installed capacity utilization have been retreating, reflecting, in part, the reduction in the pace of production growth and the maturity of investments. In fact, the absorption of capital goods grew 6.4% in the last twelve months through November (7.5% until October), while the production of construction inputs increased 4.4% (4.7 % until October).

12. The trade balance surplus on a twelve-month accumulated basis decreased from US$ 31.3 billion in November to US$ 29.8 billion in December. This result stemmed from US$256.0 billion in exports and US$226.2 billion in imports, equivalent to 26.8% and 24.5% changes, respectively, in the last twelve months through December. The current account deficit accumulated in twelve months increased from US$47.3 billion in October to US$ 49.3 billion in November, equivalent to 2.0% of GDP. On its turn, foreign direct investment reached US$75.4 billion in twelve months through November, equivalent to 3.1% of GDP, exceeding the needs for external funding.

13. Global economy continues to face a period of uncertainty above the usual, with deterioration in activity prospects and the possibility of occurrence of extreme events. Since the last meeting, specific signs of improvement in the United States (US), advances in European fiscal governance and provision of liquidity by the European Central Bank (ECB) were partly offset by stronger signs of deterioration in some mature economies. The risks to global financial stability remain high, among others, due to exposure of international banks to sovereign debt of countries with fiscal imbalances, and high levels of risk aversion persist, despite a slight decrease at the margin. From another perspective, high persistent unemployment rates, coupled with the need for fiscal adjustments, as well as limited scope for monetary policy actions and political uncertainty, have contributed for the reduction of growth projections in mature countries or even of their potential growth, indicating wider and more volatile economic cycle. In fact, the composite leading indicator released by the Organization for Economic Cooperation and Development (OECD), for November, reinforced the signs of activity inflection in all main economies, with less favorable prospects for this and the upcoming semesters. In specific cases, the probability of recession increased, especially in the Euro Area. Disaggregated indicators of the Purchasing Managers Index (PMI) for December, related to activity in industry and in the services sector are, in general, consistent with this scenario, despite the improvement at the margin in December. There has also been continued reduction in growth projections for important emerging economies. Regarding monetary policy, mature economies have continued to adopt accommodative monetary stances and, in specific cases, non-conventional monetary policy initiatives. Regarding inflation, the core measures have persisted at moderate levels in the US and in the Euro Area. In emerging economies, in general, monetary policy bias is expansionist.

14. The price of Brent oil barrel has shown volatility, but remained above US$100. This price level is consistent with a scenario of moderation in global demand, combined with higher political instability in some producer countries and with lags in the process of production resumption. It bears highlighting that the geopolitical complexity that involves the oil sector tends to heighten the volatile behavior of prices, which is also a reflex of the low predictability of some global demand components and of the dependency of supply growth on long term risky investment projects. Regarding the other commodities, it is noteworthy the swing in agricultural

international prices, with small reduction when measured by the Commodity Research Bureau (CRB), and slight elevation in the prices of metals. The food price index, calculated by the Food and Agriculture Organization of the United Nations (FAO), which considers 55 items, accumulates a fall of 11.3% until December, since the peak observed in February 2011. In the recent past, the high volatility observed in the prices of commodities was strongly impacted by the abundant global liquidity, in a context where financial markets adjust to new expectations of growth and to volatility in FX markets.

Assessment of Inflation Trends

15. The identified shocks and their impacts were reassessed according to the new set of available information. The scenario considered in the simulations was based on the following assumptions:
a) the projected adjustment for gasoline and bottled gas prices, for 2012, remained at 0%, the same value considered at the November meeting;
b) the projected adjustments for fixed telephone and electricity, for 2012, were maintained at 1.5% and 2.3%, respectively;
c) the projection for regulated prices inflation accumulated in 2012, based on individual items, according to the benchmark scenario, was maintained at 4.0%, the same value considered at the November meeting;
d) the projection for regulated prices inflation accumulated in 2013, according to the benchmark scenario, increased to 4.6%, up from 4.5%, the value considered at the November Copom meeting. Such projection is based on endogenous determination models for regulated prices, which compute, among other factors, seasonal components, foreign exchange rate changes, market prices inflation and the IGP (General Price Index) change; and
e) the projection for the spreads over the Selic rate, based on the 360-day swap rates, on the benchmark scenario, estimates -22 bps and 82 bps spreads in the fourth quarters of 2012 and 2013, respectively.

16. Regarding fiscal policy, projections assume the achievement of the public sector primary surplus target (R$139.8 billion), around 3.10% of GDP, without adjustments, in 2012. Moreover, a primary surplus of around 3.10% of GDP is considered for 2013, without adjustments.

17. The set of projections incorporated the estimated effects of the change in the IPCA weighting structure, which will take place in January 2012.

18. The projections were developed and analyzed from the perspective of models that identify in a broader manner the transmission mechanisms of external developments to the Brazilian economy – among others, trade, imports prices and external volatility channels. As a working hypothesis, the main scenario considers that the current deterioration in the international scenario will have an impact on the Brazilian economy equivalent to one fourth of the impact observed during the 2008/2009 international crisis.

19. Since the last Copom meeting, the median of the expectations compiled by the BCB's Investor Relations and Special Studies Department (Gerin) for the 2012 IPCA decreased from 5.56% to 5.30%. For 2013, the median of inflation expectations stands at 5.00%. Specifically for banks, asset managers and other institutions (real sector companies, brokers, consultancies and others), the medians of expectations for the 2012 IPCA changed from 5.58%, 5.57% and 5.53% to 5.29%, 5.29% and 5.30%, respectively. For 2013, the medians stand at 4.94%, 5.00% and 4.80%, in the same order.

20. The benchmark scenario assumes the maintenance of the exchange rate at R$1.80/US$1.00 and the Selic rate at 11.00% p.a. during the forecast period. Under this scenario, the projection for the 2012 inflation decreased relative to the figure considered at the November Copom meeting, and it stands around the 4.50% midpoint target established by the National Monetary Council (CMN). According to the market scenario, which incorporates the consensus exchange and Selic rates trajectories collected by Gerin in the period immediately prior to the Copom meeting, IPCA inflation forecast for 2012 remained relatively stable, above the midpoint inflation target. For 2013, the inflation projection stands around the midpoint of the target in the benchmark scenario and above, in the market scenario.

Monetary Policy Decision

21. The Copom evaluates that monetary policy should contribute to the consolidation of a favorable longer-term macroeconomic environment. In this respect, the Copom reassures that, under the inflation targeting regime, it guides its decisions according to BCB projected inflation and based on the analysis of alternative scenarios for the evolution of the main variables that determine prices dynamics. The Committee also understands that low risks for the underlying inflation in the short run tend to reduce uncertainties regarding the future behavior of headline inflation, facilitate the assessment of scenarios by the monetary authority, as well as help the process of coordination of economic agents' expectations, particularly price setters'. Additionally, it is noteworthy that low risks for the underlying inflation in the short run tend to intensify the effects of monetary policy actions, enabling them to affect in a more long-lasting manner the dynamics of headline inflation in the future. Although the Copom recognizes that other actions of macroeconomic policy may influence the price trajectory, it reaffirms its view that it is particularly under the responsibility of the monetary policy to remain especially vigilant to guarantee that pressures detected in shorter horizons do not spread to longer horizons.

22. International evidence, ratified by the Brazilian experience, indicates that high inflation rates lead to the increase in risk premia, both for private and public funding, and to the shortening of planning horizons, both for households and companies. Consequently, high inflation rates reduce investment and economic growth potential, in addition to presenting regressive effects on income distribution. In other words, high inflation rates do not originate any lasting results for economic and employment growth; on the contrary, they create permanent damage to these variables in the medium and long terms. Therefore, the strategy adopted by the Copom aims to ensure the convergence of inflation towards the targets path, which requires that possible deviations from the target path be promptly corrected. Such strategy takes into account the time lags in the transmission mechanism and is the most adequate to deal with the uncertainty inherent to the process of monetary policy formulation and implementation.

23. The Copom considers that, since the last meeting, the risks to global financial stability have remained high and the process of deterioration of the international scenario has continued, which, already at that time, faced generalized and significant reduction in growth projections for the main economic blocks. The Committee understands that the chances that the restrictions to which several mature economies are now exposed extend for a period longer than previously anticipated remain high. It also notes that, in these economies, there seems to be limited scope for using monetary policy, and a scenario of fiscal restraint also prevails. In addition, for the main emerging economies, despite the resilience of domestic demand, the pace of activity has moderated, in part, as a consequence of policy actions and the weakening of external demand, through the external trade channel. Therefore, the Committee considers that the international scenario shows disinflationary bias for the relevant horizon.

24. For the Copom, there are cumulative evidences supporting the view that the transmission of external developments to the Brazilian economy materializes through several channels, among others, the reduction of total trade, the moderation in investment flows, tighter credit conditions and the worsening in consumer and businessmen confidence. The Committee understands that the effects of the complexity surrounding the international environment add up to those stemming from the moderation of domestic activity, which is mirrored, for instance, in the retreat of growth projections for the Brazilian economy this year and in the upcoming year. In other words, the moderation process of the Brazilian economy was intensified by the weakness of the global economy.

25. The Copom evaluates that, although ongoing moderation of domestic demand growth is observed, prospects for economic activity are favorable. This assessment is supported by signs that, despite showing some cooling, point to the fact that the expansion of credit supply tends to persist, both for individuals and corporate, and by the fact that consumers' confidence, notwithstanding the accommodation at the margin, stands at historically high levels. The Copom considers, additionally, that the domestic activity will continue to be benefited by the public transfers, as well as by the labor market vigor, mirrored in historically low unemployment rates and in wages growth, despite some accommodation at the margin.

26. The Copom reaffirms its view that inflation accumulated in twelve months, which started to retreat in the last quarter, tends to continue the decline and, therefore, to move towards the targets path. The Committee evaluates that, by itself, the reversion in the inflation trend will contribute to improve the expectations of economic agents, especially those of the price setters, about the dynamics of inflation in the upcoming quarters. Additionally, the Committee believes that this improvement in the perception will be boosted by the ongoing process of reassessment of the economic activity pace, both domestic and external, in this and in the upcoming semesters.

27. The Copom notes that the main inflation scenario considers the materialization of the assumed trajectories regarding fiscal variables. It bears highlighting that the generation of primary surpluses in line with the hypotheses considered for inflation projections, in addition to contributing to reduce the mismatches between supply and demand growth rates, will strengthen the trend of the public debt-to-GDP ratio reduction.

28. The Copom highlights that its main scenario also considers moderation in credit market expansion. Still about the credit market, the Committee considers opportune the adoption of initiatives with the aim of moderating the concession of subsidies through credit operations.

29. The Copom evaluates as decreasing the risks stemming from the persistence of the mismatch, in specific segments, between supply and demand growth rates. However, it highlights the narrow idleness margin in the labor market, despite the signs of moderation in this market, and considers that, under such circumstances, an important risk stems from the possibility of concession of wages increases incompatible with productivity growth and from its negative impacts over inflation dynamics. On the other hand, the Copom notes that the level of installed capacity utilization has retreated and is below the long-term trend, that is, it is contributing to the opening of the output gap and to contain prices pressures. The Committee also observes that, in general, commodities prices in international markets have shown benign behavior.

30. In short, the Copom recognizes an economic environment in which a much above-than-usual uncertainty level prevails, and evaluates that since the last meeting, the inflation prospective scenario has accumulated favorable signs. The Copom notes that, according to the main scenario, the inflation rate stands around the target in 2012, and identifies decreasing risks to the materialization of a scenario in which inflation timely converges to the midpoint target.

31. In this context, continuing the process of monetary conditions adjustment, the Copom unanimously decided to decrease the Selic target to 10.50%, without bias.

32. The Copom evaluates that domestic demand is still robust, especially household consumption, largely due to the effects of stimulus factors, such as income growth and credit expansion. This scenario tends to prevail in this and in the upcoming quarters, when domestic demand will be impacted by the effects of the monetary policy actions recently implemented, which, in short, are lagged and cumulative. On the other hand, the Committee considers that recent initiatives reinforce a scenario for restrained public sector expenditures. Another important factor to curb aggregate demand is the substantial and persistent deterioration in the international scenario. These elements and the quasi fiscal developments are an important part of the context in which future monetary policy decisions will be taken, aiming to ensure the timely convergence of inflation to the targets path.

33. The Copom understands that the Brazilian economy has experienced significant structural changes, which determined retreat in the interest rates in general, and, in particular, in the neutral rate. Among the factors that support this view, it bears highlighting the reduction of risk premia, a direct consequence of the accomplishment of the inflation target for the eighth consecutive year, of the macroeconomic stability and of institutional improvements. Moreover, the process of interest rates reduction was favored by changes in the structure of financial and capital markets, by the credit market deepening, as well as by the generation of primary surpluses consistent with the maintenance of decreasing trend for the public debt-to-GDP ratio. For the Committee, all these changes are characterized by a high degree of persistence – although, due to the

economic cycles themselves, specific and temporary reversions may occur – and contribute for the Brazilian economy to currently present solid indicators of solvency and liquidity.

34. The Copom also considers that the increase in the supply of external savings and the reduction of its funding cost have contributed for the reduction of the domestic interest rates, including the neutral rate, which are largely, according to the Committee's assessment, permanent developments.

35. In light of the above mentioned, and also considering that the deceleration of the Brazilian economy in the second semester of last year was deeper than anticipated, and that recent events indicate postponement of a definitive solution for the European financial crisis, at the present moment, the Copom attributes high probability for the materialization of a scenario that considers the decrease of the Selic target to one-digit levels.

36. At the end of the meeting, it was announced that the Committee will reconvene on March 6th, 2012, for technical presentations and, on the following day, to discuss the monetary policy decision, as established in Communiqué 21,213 of June 29th, 2011.

SUMMARY OF DATA ANALYZED BY THE COPOM

Inflation

37. The IPCA rose 0.50% in December, down from 0.52% in November, according to data released by the IBGE. The monthly result reflected slight acceleration of market prices and deceleration in regulated prices. Regarding market prices, which increased 0.63% in December, compared to 0.62% in November, the movement was influenced by the increase in the prices of non-tradable goods, which grew 0.73% in December, up from 0.67% in November, while the prices of tradable goods increased 0.51%, down from 0.57% in the previous month. Among the prices of non-tradable goods, it bears highlighting the deceleration in the prices of services, which increased 0.51%, down from 0.59% in the previous month. Regulated prices rose 0.19% in December, down from 0.27% in November, with emphasis on the retreat in the prices of flying tickets, which grew 2.05% in December, down from 3.91% in the previous month. The IPCA monthly change mainly reflected the increase acceleration increase in the prices of food and beverages, which contributed 0.29 p.p. in the month, up from 0.25p.p. in November. The diffusion index stood at 64.84% in December, down from 67.19% in November. In 2011, the index average reached 63.02%, up from 61.18% in the previous year.

38. In 2011, the IPCA increased 6.50%, up from 5.91% in 2010. The acceleration of inflation in 2011 was due to the movement in regulated prices, which increased 6.20% in the year, up from 3.13% in 2010, while market prices increased, respectively, 6.63% and 7.09%. The most important drivers for the acceleration of regulated prices were urban bus (8.45% in 2011, up from 7.53% in 2010), gasoline (6.93% in 2011, up from 1.67% in 2010), health insurance (7.55% in 2011, up from 6.87% in 2010) and flying tickets (52.91% in 2011, up from 3.15% in 2010). On a twelve-month trailing basis, in December, market prices and regulated prices decelerated relative to November, when they had recorded respective increases of 6.79% and 6.27%. The evolution of market prices was due to the deceleration in the prices of tradable goods, from 4.87% in November to 4.41% in December, while the prices of non-tradable goods accelerated from 8.48% to 8.59%. The prices of the services sector increased 9.01% in the last twelve months through December, compared to 9.08%, 8.94% and 9.03% in the same periods ended, respectively, in November, October and September.

39. The IGP-10 totaled 0.08% in January, down from 0.19% in December, according to FGV, reflecting retreat in the IPA, acceleration in the IPC and deceleration in the INCC. The index accumulated 4.90% in the last twelve months through January, compared to 5.33% in December, 6.48% in November and 7.25% in October. In 2010, the index changed 11.30%.

40. The IPA-10 decreased 0.27% in the month, compared to -0.03% in December, totaling 4.04% in twelve months. The prices of agricultural and livestock products increased 0.44% in January, after falling 0.12% in the

previous month, totaling 3.98% in the last twelve months. The prices of industrial products changed -0.53% in the month, compared to 0.01% in December, totaling 4.06% in twelve months. Regarding agricultural and livestock products, the monthly performance evidenced especially the growth in the prices of manioc, 9.50%, banana, 13.42%, and soybeans, 1.29%, which contributed 0.07 p.p., 0.05 p.p. and 0.05 p.p., respectively. The main driver of industrial prices stemmed from the prices of metallic minerals, which fell 5.84% and contributed -0.33 p.p. for the monthly result.

41. The IPC-10 increased 0.92% in January, after increasing 0.65% in December, totaling 6.20% in twelve months. Four out of the seven groups surveyed showed increases, with highlights for food (1.77% in January, up from 1.02% in December) and education, reading and entertainment (1.92% and 0.46%, in the same order), contributing 0.51 p.p. and 0.17 p.p. in the month. The INCC changed 0.43% in the month, down from 0.53% in December, reflecting deceleration in the costs of labor force (from 0.81% to 0.56%), and acceleration in the prices of materials, equipment and services (from 0.24% to 0.31%). The INCC increased 7.67% in twelve months.

42. Three out of the five IPCA core inflation measures calculated by the BCB accelerated in December. Four measures decelerated in the twelve months through December, compared to the twelve months through November. Month-on-month, the core inflation by exclusion, which excludes ten items of household food and fuels, increased 0.41% in the month, down from 0.47% in November, accumulating 6.68% in twelve months through December, down from 6.89% in twelve months through November. The core inflation by exclusion of household food and regulated prices increased 0.49% in December, up from 0.45% in November, totaling 6.96% in the twelve months through December, compared to 7.19% in the last twelve months through November. The smoothed trimmed means core inflation increased 0.58% in December, up from 0.55% in November, accumulating 6.67% in twelve months through December, compared to 6.60% in twelve months through November. The non-smoothed trimmed means core inflation increased 0.39% in December, down from 0.42% in November, accumulating 5.67% in twelve months through December, compared to 5.80% in twelve months through November. The double weight core inflation increased 0.54% in December, up from 0.53% in November, accumulating 6.95% increase in twelve months through December, down from 7.13% in the twelve months through November.

43. The IPP/IT remained stable in November, compared to 0.76% in October, increasing 2.76% in the year and 3.20% in the twelve-month period ended in November (4.68% in the previous month). The monthly result was mainly driven by the increases related to beverages; coke, oil and bio-fuels byproducts; and automobile vehicles, shells and tows, with contributions of 0.06 p.p. in each segment, offset by the negative contributions of -0.08 p.p. stemming from the prices of food products and -0.07p.p. from the prices of paper and pulp, and metallurgy. In the year, the index change reflected, in particular, the changes in the prices of other chemical product segments; food products; and coke, oil and bio-fuels byproducts, which contributed 1.03 p.p., 0.57 p.p. and 0.55 p.p. for the final result.

44. The Commodities Index Brazil (IC-Br) retreated 0.53% in December, reflecting respective changes of -0.81%, 0.36% and -0.32% related to the segments of agriculture and livestock, metal and energy. In the last months, twelve-month trailing IC-Br presented slight reduction, reaching 0.35% in December, down from 23.30% in September. In 2010, the IC-Br grew 25.62%.

Economic Activity

45. The IBC-Br increased 1.1% in November, month-on-month, changing -0.3% in the quarter ended in November, compared to the quarter ended in August, when it had declined 0.4%, according to the same comparison basis, considering seasonally adjusted data. Year-over year the IBC-Br increased 0.8% in November, compared to increases of 0.7% in October, 1.3% in September, 3% in August and 1.9% in July. The index increased 2.8% in the year and 3% in twelve months.

46. Expanded retail sales, which include vehicles and construction inputs, increased 1.5% in November, month-on-month, according to data seasonally adjusted from IBGE’s monthly survey (PMC), after a 0.3% decrease in

October and a 0.7% increase in September. In the month, nine out of the ten surveyed segments presented increases, with highlights for the expansions of 8.6% in books, newspapers, magazines and stationary; 6% in office, computing and communication equipment and material; and 4.6% in vehicles, motorcycles, parts and pieces. Only the segment related to fabric, clothing and shoes retracted in the period (0.5%). Expanded retail sales decreased 0.2% in the quarter ended in November, compared to the previous quarter, ended in August, accumulating growth of 6.9% in the year and 7.7% in twelve months. Retail sales volume increased 1.3% in November, after recording stability in October and increasing 0.5% in September, accumulating increases of 1.1% relative to the quarter ended in August, 6.7% in the year and 7% in twelve months.

47. Considering observed data, expanded retail sales increased 3.2% in November, year-over-year, mainly influenced by increases in the sales of office, computing and communication equipment and material (28.8%), furniture and household appliances (12.3%), pharmaceutical and medical articles (8.6%), and hypermarkets, supermarkets and food products (6.3%). In the twelve months through November, expanded retail sales increased 7.7%, mainly driven by increases in the sales of office, computing and communication equipment and material (18.6%), furniture and household appliances (16.9%), pharmaceutical and medical articles (10.4%), construction inputs (10%), books, newspapers, magazines and stationary (9%) and vehicles, motorcycles, parts and pieces (8.4%).

48. Automobile sales by dealers, including cars, light commercial vehicles, trucks and buses, decreased 1.6% in December, month-on-month, compared to the increase of 6% in November, according to Fenabrave (Brazilian Federation of Automobile Vehicles Distribution) data, seasonally adjusted by the BCB. Sales decreased 0.2% in the quarter ended in December, compared to the previous one ended in September, which had decreased 2.4%. In 2011, automobile vehicles sales increased 3.4%, as a consequence of increases in sales of buses (21.8%), light commercial vehicles (14.6%) and trucks (9.7%), and a decrease in the sales of automobiles (0.1%).

49. Capital goods imports quantum index, released by Funcex and seasonally adjusted by the BCB, decreased 7.5% in December compared to November. Observed data showed stability compared to December 2010 and a 12.9% expansion in 2011, year-over-year.

50. Capital goods production increased 1.6% in November, accumulating a 5.6% decrease in the quarter, compared to the previous one ended in August, according to data seasonally adjusted from the Monthly Industrial Survey (PIM) by the IBGE. The main relative contribution to its positive performance stemmed from the 17.7% expansion in the production of equipment for serial industrial use. Conversely, there were decreases of 16.7% and 5.1% in the production of equipment for non-serial industrial use and mixed use, respectively.

51. Construction inputs production decreased 0.4% in November compared to October, accumulating an increase of 1.2% in the quarter, compared to the one ended in August, considering seasonally adjusted data. The segment production increased 3.5% compared to November 2010, with accumulated increases of 4.2% in the year and 4.4% in twelve months.

52. Disbursements granted by the Brazilian Development Bank (BNDES) reached R$130.9 billion in the twelve-month period ended in October. The 23.4% decrease compared to the same period of 2010 showed, overall, the decrease of 51.5% of the resources headed to manufacturing industry, while the mining and agricultural and livestock sectors increased 20.6% and 4.5%, respectively. BNDES disbursements decreased 26.6% in the year through October, compared to the same period of 2010, mainly due to the decrease of 57.1% in the resources headed to manufacturing industry. In the period, 41% of these resources were headed to the infrastructure sector, followed by industry (31%), commerce and services (20%) and agriculture and livestock (8%).

53. Industrial production increased 0.3% in November, according to IBGE seasonally adjusted data, after decreasing 0.7% in October, a result of the expansion of 1.5% in manufacturing industry and of 1.7% in mining. By use categories, semi and non-durable goods production increased 2.2% in the month, followed by respective increases of 1.6% and 0.4% in capital and intermediate goods productions, respectively, while

durable goods production decreased 0.9%. Seventeen out of the 26 manufacturing industry activities surveyed increased in the month. Industrial production decreased 2.2% in the quarter ended in November, compared to the one ended in August, when it had decreased 0.7%, as a result of the 2.7% retreat in manufacturing industry, while mining expanded by 1.8%, according to the same comparison basis. The quarterly evolution in manufacturing industry reflected, in part, the impacts of the retreats in the activities electronic material and computing equipment (20.7%), tobacco (16.6%), others (12.8%), publishing, printing and reproduction (11%) and automobile vehicles (9.4%). Considering observed data, industrial production decreased 2.5% in the month, year-over-year, and increased 0.4% and 0.6% in the year and in twelve months, respectively, mainly as a consequence of the capital goods industry expansion, which changed 3.6% and 3.8%, respectively, in the same periods.

54. The Nuci in the manufacturing industry calculated by FGV reached 83.4% in December, increasing 0.1 p.p. compared to November, considering seasonally adjusted data, remaining almost stable relative to August. The consumer goods segment increased 1.3 p.p. month-on-month, while the indicators regarding construction inputs, intermediate and capital goods, presented respective decreases of 1.1 p.p., 1 p.p. and 0.8 p.p. Considering the observed series, the Nuci decreased 1.2 p.p. year-over-year, as a result of decreases in the indicators related to consumer goods (2.2 p.p.), construction inputs (2.2 p.p.), intermediate goods (2.1 p.p.) and capital goods (1.1 p.p.).

55. Vehicles output reached 262 thousand units in December, according to data released by Anfavea, representing an expansion of 5.9% compared to November, considering data seasonally adjusted by the BCB. It also decreased 1% year-over-year in December and increased 0.7% in the year.

56. Still according to data released by Anfavea, national vehicle licensing decreased 14.9% in December year-over-year and 2.8% in the year. According to data seasonally adjusted by the BCB, there were decreases of 1.5% month-on-month and 1.3% in the quarter ended in December, compared to the one ended in September. Automobile exports totaled 48.4 thousand units in December, increasing 53.1% year-over-year and 7.7% in the year. According to data seasonally adjusted by the BCB, exports decreased 4.9% in December, month-on-month, and increased 5.4% in the quarter ended in December, compared to the one ended in September.

57. The LSPA survey carried out by the IBGE for December projected 159.9 million tons for the 2011 national harvest of grains, totaling increases of 0.2 p.p. month-on-month and 6.9% compared to the 2010 result. Respective increases for crops of rice, beans, soybeans and corn are projected at 19%, 10.9%, 9.2% and 0.1% and a 6.5% decrease for wheat crop is expected. Still according to the IBGE, which prepared the third forecast for the 2012 harvest, grain production is estimated to reach 160.3 million tons, 0.3% higher than the projection for 2011, considering declines of 11.2%, 11%, 1.9% and 0.9% for the crops of rice, wheat, beans and soybeans, respectively, and an increase of 6.1% for corn crop.

Surveys and Expectations

58. The Consumer Confidence Index (ICC), considering seasonally adjusted data from the nationwide Consumer Expectations Survey (FGV), increased 0.5% in December, month-on-month, to 119.6 points, driven by increases of 1% in the Current Situation Index (ISA) and 0.3% in the Expectations Index (IE). The ICC decreased 1.7% year-over-year, influenced by the contractions of 3.6% and 0.3% in the ISA and IE, respectively.

59. The Services Confidence Index (ICS), from FGV, retreated 0.7% in December, month-on-month, reaching 128 points, driven mainly by the decrease of 2.5% in the IE, while the ISA rose 1.4%, without seasonal adjustment. The ICS retreated 3.2% year-over-year, due to decreases of 6% in the ISA and 0.5% in the IE.

60. The Commerce Confidence Index (ICOM) measured by the Commerce Survey, from FGV, reached 127 points in December, decreasing 6.4% year-over-year. The result reflected retreats of 10.3% in the Current Situation Index (ISA-COM) and 2.8% in the Expectations Index (IE-COM). In the quarter ended in December, the ICOM decreased 6.8% year-over-year, due to the retreats of 9.7% in the ISA-COM and 4.6% in the IE-COM.

61. The Industry Confidence Index (ICI), considering seasonally adjusted data from the Survey of Manufacturing Industry (SCIT-FGV) increased 1.1% in December, month-to-month, reaching 101.8 points. The result was driven by the increases of 1.9% in the ISA and 0.2% in the IE. The ICI fell 10.8% in December, year-over-year, due to decreases of 11.2% in the ISA and 10.5% in the IE.

62. The Construction Confidence Index (ICST), measured by the Construction Survey, from FGV, reached 126.1 points in December, decreasing 9.7% year-over-year. The result reflected retreats of 12.3% in the Current Situation Index (ISA-ICST) and 7.3% in the Expectations Index (IE-ICST). In the quarter ended in December, the ICST decreased 9.9% year-over-year, due to the retreats of 12.8% in the ISA-ICST and 7.1% in the IE-ICST.

Labor Market

63. According to the General Record of Employment and Unemployment (Caged) of the Ministry of Labor and Employment (MTE), 42.7 thousand formal jobs were created in November, representing a 0.3% expansion compared to October, considering seasonally adjusted data. Out of this total, there was the creation of 107.9 thousand jobs in commerce and 54 thousand jobs in the services sector, while 54.3 thousand jobs in manufacturing industry, 42.3 thousand jobs in the agricultural sector and 22.8 thousand jobs in civil construction were eliminated. In the year through November, 2 million jobs were created, compared to 2.5 million in the same period of 2010.

64. According to the IBGE employment survey (PME), carried out in the six main metropolitan regions of the country, the unemployment rate reached 5.2% in November, the lowest rate since March 2002, decreasing 0.6 p.p. month-on-month and 0.5 p.p. year-over-year. The monthly result was driven by the increases of 0.7% in occupation and 0.1% in the Economically Active Population (PEA). Considering seasonally adjusted data, the unemployment rate reached 5.6% in November, compared to 6% in the previous month. According to the same survey, average real earnings usually earned by workers increased 0.1% month-on-month, 0.7% year-over-year and 2.7% in the year through November. Real payroll, defined as the number of persons employed times real average earnings, changed 0.8% in the month, 2.6% year-over-year, and 4.9% in the year through November.

Credit and Delinquency Rates

65. Outstanding credit in the financial system reached R$1,984.3 billion in November, equivalent to 48.2% of GDP, increasing by 1.9% in the month, 16.3% in the year and 18.2% in twelve months. Non-earmarked credit operations increased by 1.4%, 14.3% and 15.8%, respectively, according to the same comparison bases, reflecting the respective increases of 0.9%, 15% and 17.2% for credit operations to individuals and 1.9%, 13.5% and 14.4% for credit operations to corporate, in the same order. Earmarked credit operations increased 2.9% in the month, 20.2% in the year and 22.8% in twelve months, with highlights for the respective rises of 2.9%, 38.6% and 44% recorded in housing credit, according to the same comparison bases.

66. The average interest rate on reference credit operations decreased 1 p.p. in November, reaching 38.5%. The average annual rate on credit for corporate showed stability, reaching 29.8%, while the one relative to individuals decreased by 2.4 p.p., reaching 44.7%.

67. The average tenure on reference credit operations increased to 495 days in November, representing an increase of four days month-on-month. The tenure related to corporate segments increased four days, while the one related to individuals increased five days, reaching 402 days and 595 days, respectively.

68. The delinquency rate in the financial system (non-earmarked loans used as reference for interest rates, in arrears for more than ninety days) increased 0.1 p.p., reaching 5.6% in November. The delinquency rate for credit operations with corporate showed stability, reaching 4%, while the delinquency rate for credit operations to individuals increased 0.2 p.p., reaching 7.3%. The percentage of loans in arrears between 15 and 90 days

decreased 0.4 p.p. for the credit to individuals and showed stability for credit to corporate, reaching 6.5% and 2.2%, respectively.

External Environment

69. The US economic activity in recent months has shown a recovery, but still presents slow pace and uncertain sustainability. The Beige Book reports modest to moderate growth in twelve districts. These views are endorsed by better indicators, despite insufficient, for the labor market and consumer confidence. The Purchasing Managers' Index (PMI) of manufacturing industry reached 53.9 points in December, the highest level in six months. However, the balance of risks for the US economy remains downwards, influenced, among others, by the end of fiscal stimuli this year, with only partial expectation of renewal, by the weak housing market, the slow recovery of the labor market; and by the fact that an important part of the recent increase in consumption is due to the reduction in savings. In the Euro Area, industrial production, in November, fell for the third consecutive month, and the manufacturing PMI figure for December, 46.9 points, suggests the continuation of this trend. Household and businessmen confidence remains in low levels, influenced by the worsening of the sovereign debt crisis. In Japan, economic activity is stagnant, reflecting the global economic slowdown and the appreciation of the yen. The Regional Economic Bulletin, published by the central bank of that country, reported, in January, pause in economic activity in seven of the nine regions. The country's industrial output resumed retreat in November, also influenced by the interruption in the supply of parts for automobiles and computers caused by the floods in Thailand. In China, despite the risks stemming from the external scenario and those related to the housing sector, economic activity remains picking up, despite decelerating. GDP grew 8.9% in the fourth quarter from 9.1% in the third quarter, both compared to same periods last year. On a quarterly basis, seasonally adjusted, the Chinese GDP growth slowed to 2% from 2.3% the previous quarter. The monthly data of industrial production and retail sales accelerated from 0.9% and 1.3% in November to respectively 1.1% and 1.4% in December.

70. Stock markets have shown some recovery since the last Monetary Policy Committee meeting, as a result of scenario slightly less uncertain regarding the trajectory of the US economy, the possibility of broad agreement in Europe towards fiscal targets and also the injection of € 489 billion in three-year loans for banks in the Euro Area. However, the region's banks remain preferring to use the ECB's overnight deposit line, which for several days hit record highs, surpassing €500 billion. The market for sovereign debt in the Euro Area remained depressed due to the unfavorable outlook for economic activity in the block and the uncertainty relative to the compliance with fiscal targets in some countries, presenting, however, some reduction in the premiums charged in the most recent sovereign emissions. On January 13th, a risk rating agency announced the downgrade of the credit rating in nine countries of the Euro Area, including France, and later the long-term credit of the European Financial Stability Facility (EFSF).

71. Commodities international prices showed two markedly different trends since the last Monetary Policy Committee meeting, ending the period at levels close to those seen on that date. Until mid-December, the intensification of risk aversion in financial markets and the continuous improvement in supply conditions in agricultural commodities markets favored the devaluation of these products. Since then, commodities prices reversed the trend, influenced by bad weather in South America, in the case of agricultural, by geopolitical tensions, relative to energy, and, in general terms, by the disclosure of better-than-expected economic indicators in major world economies and by the consequent reduction of risk aversion in financial markets.

72. The annual change in Consumer Price Index (CPI) fell in the US, in November, and in the Euro Area and in the UK in December, to, respectively, 3.4%, 2.7% and 4.2%, compared to 3.9%, 3.0% and 5.0% recorded two months before. In Japan, after three consecutive months of just moderately positive inflation, deflation returned as of October, with the annual change in CPI reaching -0.5% in November. Among emerging economies, it bears highlighting the significant disinflation process in China during the second half of 2011, with the annual change in CPI falling to 4.1% in December, from 6.5% in July. Considering the context of inflation and growth deceleration, the accommodative stance of monetary policy prevailed among central banks. The official interest rates in developed economies remained at exceptionally low levels, with the ECB promoting two successive cuts of 25 basis points in its base rate in November and December, when it stood at 1%. At the January meeting, the ECB endorsed the decision. There was a reduction in basic interest rates by

the central banks of Israel, Thailand, Australia, Sweden, Romania, Chile (in all cases, 25 basis points) and Norway (50 basis points), while Colombia and Hungary raised their rates by 25 basis points and 50 basis points, respectively.

Foreign Trade and International Reserves

73. The Brazilian trade surplus reached US$3.8 billion in December. Exports reached US$22.1 billion and imports, US$18.3 billion. In the year, the trade surplus totaled US$29.8 billion, 47.9% above the registered in 2010, reflecting expansions of 26.8% in exports and 24.5% in imports. In the year, total trade grew 25.7%, totaling US$482.3 billion, compared to US$383.7 billion in 2010.

74. International reserves reached US$352 billion in December, decreasing US$61 million compared to November. Compared to December 2010, the reserves increased US$63.4 billion. In December, there were no monetary authority's interventions in the domestic spot market.

Money Market and Open Market Operations

75. Since the last Copom meeting, in November, the domestic interest rate yield curve increased the slope, with decline in short-term rates and increase in rates longer than six months. The movement of the short part mainly reflected the prospect of continuing the monetary easing cycle and improving the expected scenario for inflation. In the long part, the increase in the rates was mainly driven, domestically, by economic stimulus measures announced by the government and by the expected recovery of economic activity. Regarding the external outlook, the release of economic indicators considered positive in some countries, particularly in the US, and the recovery in commodities prices also contributed to the rise in long-term rates. Between November 28th 2011 and January 16th 2012, the one-, three- and six-month interest rates fell by 0.49 p.p., 0.40 p.p. and 0.02 p.p., respectively. The rates for maturities of one, two and three years increased by 0.33 p.p., 0.62 p.p. and 0.58 p.p., respectively. The real interest rate, as measured by the ratio between the nominal rate of one year and expected inflation (smoothed) for the next twelve months, increased from 3.89% on November 28th 2011, to 4.46% on January 16th 2012, following, mainly, the rise in nominal rates.

76. In its open market operations, the BCB carried out weekly, between November 29th 2011 and January 16th 2012, repo operations borrowing R$42.1 billion for a six-month period. As a consequence, the average daily balance of the long operations decreased to R$171.6 billion. In the same period, the BCB also borrowed money through repo operations with tenures between eleven and thirty-five working days, increasing the average daily balance of short-term borrowing operations to R$171.5 billion. The BCB also borrowed money through 29 and donated through one very short-term operation, and carried out leveling operations conducted at the end of the day, with tenures of two working days. The average daily balance of these operations totaled R$36.4 billion in the period. The average daily balance of the total outstanding of repurchase agreements of the Central Bank increased from R$368 billion, between October 18th and November 28th, to R$379.5 billion, between November 29th 2011 and January 16th 2012. Considering the operations for the most recent period, the total outstanding of repurchase agreements increased from R$348.9 billion, on November 28th 2011, to R$460 billion, on January 16th 2012. The main factor that contributed to the expansion of liquidity in the period was the net redemption of securities by the National Treasury.

77. Between November 29th 2011 and January 16th 2012, the National Treasury issuance regarding the traditional auctions raised a total of R$30.5 billion. The sale of fixed-rate securities reached R$20.8 billion, with R$17.1 billion via issuance of LTNs maturing in 2012, 2013, 2014, 2015 and 2016, and R$3.7 billion via NTN-Fs maturing in 2017, 2018 and 2021. The sales of LFTs totaled R$3.4 billion, for securities maturing in 2018. The sales of inflation-linked NTN-Bs reached R$6.3 billion, for securities maturing in 2016, 2018, 2022, 2030, 2040 and 2050.