I. Open market and foreign exchange swap operations

In March, the Central Bank borrowed funds through security selling auctions with commitment of repurchase in three and six months. Since 3/20 the frequency of the three-month operations increased, from once a week to three days per week. The six-month operations remain weekly. In the three-month operations settled over the month, the Central Bank sold LTN, NTN-B and NTN-F, in percentages of 59.5%, 31.5% and 9.0% respectively. The financial volume of such long-term repurchase operations reached R$87.5 billion and repurchases related to previous operations hit R$35.0 billion, causing a monetary contraction of R$52.5 billion. In the six-month operations settled over the month, the Central Bank sold LTN, NTN-F and NTN-B, in percentages of 43.5%, 31.4% and 25.2% respectively. The financial volume of such long-term repurchase operations reached R$15.3 billion and repurchases related to previous operations hit R$22.2 billion, causing a monetary expansion of R$6.9 billion. As a result, the balance of outstanding three-month repurchase operations, accrued by the contracted rates, went from R$104.9 billion on 2/28 to R$158.0 billion on 3/28. In the same period, the average term to mature of such operations changed from 31 to 40 business days. With respect to the six-month repo operations, the balance accrued by the contracted rates went from R$283.6 billion on 2/28 to R$278.3 billion on 3/28. In the same period, the average term to mature of such operations varied from 71 to 59 business days.

In managing short-term liquidity, the Central Bank borrowed funds overnight in 19 business days of the month. The average financial volume of the borrowing operations reached R$91.0 billion. The maximum rate was increased from 7.11% p.y. to 7.16% p.y, on 3/13, remaining in this level for the rest of the month. The Central Bank also held an overnight lending intervention on 3/6, with financial volume of R$9.8 billion, at a minimum rate of 7.32% p.y. On 7/3 the Central Bank held a borrowing intervention, with term to mature of 29 business days and financial volume of R$164.0 billion, at a maximum rate of 7.19% p.y.

On 3/5 and 3/7, standing facilities were accessed to lend R$20.0 million and R$1.2 billion, respectively, at a rate of 7.92% p.y. On 3/8 there was a borrowing intervention of R$130.0 million, at a rate of 6.33% p.y.

On 3/11, the Central Bank offered contracts in reverse foreign exchange swap auction. In the event, 20,000 contracts maturing on 5/2/2013 were signed, totaling the equivalent of US$1.0 billion. This foreign exchange swap position was neutralized by a traditional swap auction with the same profile, that took place on 3/27. On the last day of the month, the foreign exchange swap net position remained null.

II. Secondary market transactions with federal securities registered in Selic

In March, the volume of outright operations among market institutions with Selic-registered federal public securities increased 18.8% as against the previous month, totaling R$21.1 billion and 2,075 operations per day, on average.

Operations with fixed-rate securities (LTN and NTN-F) raised 69.3% as against the previous month totaling R$9.7 billion, or 45.8% share of the total market. On the other hand, on the segment of inflation-linked securities (NTN-B and NTN-C) trading volume decreased 8.3% as against February and was responsible for an average daily trade volume of R$8.0 billion, equivalent to a 37.8% share of the secondary market. On the floating rate (LFT) segment, the average daily trade volume increased 3.2% as against the previous month, totaling R$3.5 billion, which was equivalent to a 16.4% share of the total market.

The most traded security in the secondary market, on the financial volume criteria, was the NTN-B due on 8/15/2016, with a daily average of R$2.2 billion, corresponding to 10.3% of the whole secondary market. Next in rank, came the NTN-B maturing on 5/15/2015, with a daily average of R$1.7 billion and the LTN maturing on 7/1/2016, with a daily average of R$1.7 billion. The security with the highest number of trades in the secondary market was the LFT due on 9/7/2013, with an average of 205 trades per day.

The daily average financial volume of forward operations increased 35.9%, reaching R$9.9 billion in March. On the segment of fixed-rate securities, forward negotiation rose 107.4%, as against the previous month, reaching R$5.5 billion. On the other hand, transactions with inflation-linked securities fell 5.0% as against the previous month, totaling R$4.4 billion. The LTN due on 7/1/2016 was the most transacted security, with a financial volume of R$1.3 billion and a share of 13.6% on total trade.

Repurchase operations, except those performed with the Central Bank, reached daily averages of R$746.2 billion and 5,870 operations. Intraday repos recorded daily averages of R$3.7 billion and 17 operations.

Overnight operations corresponded to 97.5% of total repurchase operations, recording daily averages of R$727.7 billion and 5,774 operations. Repurchase operations maturing over one business day, allowing trade of collateral, recorded daily averages of R$276.0 million and 10 operations. Regarding those not allowing transaction of collateral, daily averages were R$14.5 billion and 69 transactions.

The daily average of outright brokerage operations increased 28.0% as against the previous month, to R$9.0 billion. Their share on total outright operations changed from 39.4% to 42.5%. In March, the lowest traded volume was R$4.4 billion, on 3/19, and the highest, R$14.2 billion, on 3/27.

Considering only fixed rate securities, the financial volume of outright brokerage operations increased from R$2.2 billion in February to R$4.3 billion in March. The number of operations came from 67 to 89 per day on average. Their share on total outright operations rose from 38.1% to 44.5%.

In the group of inflation-linked securities, the volume of outright operations with brokers was R$3.6 billion, corresponding to 45.1% of the joint NTN-B and NTN-C market.

The LTN due on 7/1/2016, which recorded in March a daily average of R$1.3 billion in brokerage transactions, or 74.2% of its total outright operations, was the most traded security by brokers.

The financial volume of repurchase operations with brokers reached a daily average of R$4.3 billion.