



I. Open market and foreign exchange swap operations

In October, the Central Bank borrowed funds through security selling auctions with commitment of repurchase in three and six months. In the three-month operations settled over the month, the Central Bank sold LTN, NTN-B and NTN-F, in percentages of 48.4%, 28.9% and 22.7%, respectively. The financial volume of such long-term repurchase operations reached R\$66.3 billion and repurchases related to previous operations hit R\$47.2 billion, causing a monetary contraction of R\$19.1 billion. In the six-month operations settled over the month, the Central Bank sold NTN-F, LTN and NTN-B, in percentages of 64.8%, 31.0% and 4.2%, respectively. The financial volume of such long-term repurchase operations reached R\$7.4 billion and repurchases related to previous operations hit R\$17.8 billion, causing a monetary expansion of R\$10.3 billion. As a result, the balance of outstanding three-month repurchase operations, accrued by the contracted rates, went from R\$151.3 billion on 9/30 to R\$171.7 billion on 10/31. In the same period, the average term to mature of such operations came from 34 to 32 business days. With respect to the six-month repo operations, the balance accrued by the contracted rates went from R\$113.5 billion on 9/30 to R\$104.0 billion on 10/31. In the same period, the average term to mature of such operations varied from 65 to 55 business days.

In managing short-term liquidity, the Central Bank borrowed funds overnight in all business days of the month. The average financial volume of these borrowing operations reached R\$83.8 billion at a maximum rate of 8.91% p.y. until 10/9 and of 9.41% p.y., after 10/10, when the target for the Selic rate was increased by 50 basis points. The Central Bank also held a borrowing intervention on 10/10 with term to mature of 34 business days and financial volume of R\$311.7 billion, at a maximum rate of 9.43% p.y.

Along the month, there were no standing facilities.

On 10/1, 10/2, 10/3, 10/7, 10/8, 10/9, 10/10, 10/14, 10/15, 10/16, 10/17, 10/21, 10/22, 10/23, 10/24, 10/28, 10/29, 10/30 and 10/31, the Central Bank offered contracts in traditional foreign exchange swap auctions. In these events were signed 30,000 contracts maturing on 2/3/2014, 87,000 contracts maturing on 3/5/2014, 30,000 contracts maturing on 5/2/2014, 38,000 contracts maturing on 6/2/2014, 66,900 contracts maturing on 7/1/2014 and 58,100 contracts maturing on 10/1/2014, totaling the equivalent of US\$15.5 billion. On the last day of the month, the foreign exchange swap net long position reached US\$63.0 billion.



II. Secondary market transactions with federal securities registered in Selic

In October, the volume of outright operations among market institutions with Selic-registered federal public securities decreased 26.2% as against the previous month, totaling R\$15.5 billion and 1,832 operations per day, on average.

Operations with fixed-rate securities (LTN and NTN-F) dropped 21.1% as against the previous month totaling R\$8.6 billion, or 55.4% share of the total market. Likewise, on the segment of inflation-linked securities (NTN-B and NTN-C), trading volume decreased 22.6% as against September and was responsible for an average daily trade volume of R\$4.8 billion, equivalent to a 31.2% share of the secondary market. On the floating rate (LFT) segment, the average daily trade volume decreased 46.3% as against the previous month, totaling R\$2.1 billion, which was equivalent to a 13.4% 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\$1.0 billion, corresponding to 6.5% of the whole secondary market. Next in rank, came the LTN maturing on 1/1/2017, with a daily average of R\$973.9 million, and the NTN-B maturing on 8/15/2018, with a daily average of R\$937.6 million. The security with the highest number of trades in the secondary market was the LFT due on 3/7/2014, with an average of 257 trades per day.

The daily average financial volume of forward operations decreased 28.2%, reaching R\$6.8 billion in October. On the segment of fixed-rate securities, forward negotiation fell 38.4% as against the previous month, reaching R\$3.6 billion. Transactions with inflation-linked securities declined 11.2% as against the previous month, totaling R\$3.2 billion. The NTN-B due on 8/15/2016 was the most transacted security, with a financial volume of R\$864.1 million and a share of 12.7% of total trade.

Repurchase operations, except those performed with the Central Bank, reached daily averages of R\$770.4 billion and 5,963 operations. Intraday repos recorded daily averages of R\$3.7 billion and 13 operations.

Overnight operations corresponded to 98.1% of total repurchase operations, recording daily averages of R\$755.9 billion and 5,889 operations. Repurchase operations maturing over one business day, allowing trade of collateral, recorded daily averages of R\$358.1 million and 17 operations. Regarding those not allowing transaction of collateral, daily averages were R\$10.4 billion and 45 transactions.

The daily average of outright brokerage operations decreased 19.0% as against the previous month, to R\$5.6 billion. Their share of total outright operations changed from 32.8% to 36.0%. In October, the lowest traded volume was R\$2.8 billion, on 10/22, and the highest, R\$8.5 billion, on 10/7.



Considering only fixed-rate securities, the financial volume of outright brokerage operations decreased from R\$3.5 billion in September to R\$2.8 billion in October. The number of operations came from 76 to 78 per day on average. Their share of this segment rose from 32.3% to 32.7%.

In the group of inflation-linked securities, the volume of outright operations with brokers was R\$1.9 billion, corresponding to 38.9% of the joint NTN-B and NTN-C market.

The NTN-B due on 8/15/2016, which recorded in October a daily average of R\$498.2 million in brokerage transactions, or 49.3% 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\$5.5 billion.