



## I. Open market and foreign exchange swap operations

In January, 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 NTN-F, LTN and NTN-B, in percentages of 39.1%, 32.6% and 28.3%, respectively. The financial volume of such long-term repurchase operations reached R\$27.7 billion and repurchases related to previous operations hit R\$71.8 billion, causing a monetary expansion of R\$44.1 billion. In the six-month operations settled over the month, the Central Bank sold NTN-F, LTN and NTN-B, in percentages of 64.0%, 31.7% and 4.4%, respectively. The financial volume of such long-term repurchase operations reached R\$16.2 billion and repurchases related to previous operations hit R\$9.9 billion, causing a monetary contraction of R\$6.3 billion. As a result, the balance of outstanding three-month repurchase operations, accrued by the contracted rates, went from R\$114.2 billion on 12/31 to R\$69.6 billion on 1/31. In the same period, the average term to mature of such operations came from 23 to 33 business days. With respect to the six-month repo operations, the balance accrued by the contracted rates went from R\$69.0 billion on 12/31 to R\$74.0 billion on 1/31. In the same period, the average term to mature of such operations varied from 51 to 52 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\$162.5 billion at a maximum rate of 9.91% p.y. until 1/15 and of 10.41% p.y. thereafter, when the target for the Selic rate was increased by 50 basis points. The Central Bank also held a borrowing intervention on 1/16 with term to mature of 30 business days and financial volume of R\$419.6 billion, at a maximum rate of 10.43% p.y.

On 1/16 and 1/21, standing facilities were accessed to borrow R\$32.0 million and R\$1.3 billion, respectively, at a rate of 9.60% p.y. On 1/31 standing facilities were accessed to lend R\$728.0 million, at a rate of 11.20% p.y.

On every business day of the month, the Central Bank offered contracts in traditional foreign exchange swap auctions. In these events were signed 33,500 contracts maturing on 5/2/2014, 43,750 contracts maturing on 8/1/2014, 47,600 contracts maturing on 9/1/2014, 176,800 contracts maturing on 11/3/2014 and 6,900 contracts maturing on 12/1/2014, totaling the equivalent of US\$15.4 billion. On the last day of the month, the foreign exchange swap net long position reached US\$79.8 billion.



## II. Secondary market transactions with federal securities registered in Selic

In January, the volume of outright operations among market institutions with Selic-registered federal public securities decreased 42.1% as against the previous month, totaling R\$17.2 billion and 2,163 operations per day, on average.

Operations with fixed-rate securities (LTN and NTN-F) dropped 41.4% as against the previous month totaling R\$8.4 billion, or 48.9% share of the total market. Likewise, on the segment of inflation-linked securities (NTN-B and NTN-C), trading volume decreased 54.4% as against December and was responsible for an average daily trade volume of R\$5.9 billion, equivalent to a 34.4% share of the secondary market. On the floating rate (LFT) segment, the average daily trade volume increased 12.8% as against the previous month, totaling R\$2.7 billion, which was equivalent to a 16.0% share of the total market.

The most traded security in the secondary market, on the financial volume criteria, was the LTN due on 4/1/2014, with a daily average of R\$1.3 billion, corresponding to 7.4% of the whole secondary market. Next in rank, came the NTN-B maturing on 8/15/2016, with a daily average of R\$1.1 billion, and the LTN maturing on 1/1/2015, with a daily average of R\$1.0 billion. The security with the highest number of trades in the secondary market was the LFT due on 3/7/2014, with an average of 243 trades per day.

The daily average financial volume of forward operations decreased 52.6%, reaching R\$7.0 billion in January. On the segment of fixed-rate securities, forward negotiation fell 54.2% as against the previous month, reaching R\$3.4 billion. Transactions with inflation-linked securities declined 52.8% as against the previous month, totaling R\$3.4 billion. The NTN-B due on 5/15/2015 was the most transacted security, with a financial volume of R\$774.3 million and a share of 11.1% of total trade.

Repurchase operations, except those performed with the Central Bank, reached daily averages of R\$785.2 billion and 5,676 operations. Intraday repos recorded daily averages of R\$4.0 billion and 16 operations.

Overnight operations corresponded to 97.9% of total repurchase operations, recording daily averages of R\$768.4 billion and 5,596 operations. Repurchase operations maturing over one business day, allowing trade of collateral, recorded daily averages of R\$378.5 million and 18 operations. Regarding those not allowing transaction of collateral, daily averages were R\$12.5 billion and 46 transactions.

The daily average of outright brokerage operations decreased 35.3% as against the previous month, to R\$5.9 billion. Their share of total outright operations changed from 30.8% to 34.4%. In January, the lowest traded volume was R\$3.1 billion, on 1/21, and the highest, R\$9.4 billion, on 1/13.



Considering only fixed-rate securities, the financial volume of outright brokerage operations decreased from R\$5.7 billion in December to R\$3.1 billion in January. The number of operations came from 141 to 91 per day on average. Their share of this segment fell from 39.8% to 36.8%.

In the group of inflation-linked securities, the volume of outright operations with brokers was R\$1.8 billion, corresponding to 30.1% of the joint NTN-B and NTN-C market.

The NTN-B due on 5/15/2015, which recorded in January a daily average of R\$465.5 million in brokerage transactions, or 53.2% 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\$5.7 billion.