



I. Open market and foreign exchange swap operations

In December, 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 40.4%, 37.3% and 22.3%, respectively. The financial volume of such long-term repurchase operations reached R\$36.4 billion and repurchases related to previous operations hit R\$30.4 billion, causing a monetary contraction of R\$6.0 billion. In the six-month operations settled over the month, the Central Bank sold NTN-F, LTN and NTN-B, in percentages of 43.1%, 38.2% and 18.7%, respectively. The financial volume of such long-term repurchase operations reached R\$16.8 billion and repurchases related to previous operations hit R\$13.4 billion, causing a monetary contraction of R\$3.4 billion. As a result, the balance of outstanding three-month repurchase operations, accrued by the contracted rates, went from R\$92.8 billion on 11/28 to R\$99.8 billion on 12/31. In the same period, the average term to mature of such operations came from 33 to 30 business days. With respect to the six-month repo operations, the balance accrued by the contracted rates went from R\$65.2 billion on 11/28 to R\$69.2 billion on 12/31. In the same period, the average term to mature of such operations varied from 53 to 58 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\$127.7 billion at a maximum rate of 11.16% p.y. until 12/3 and of 11.66% 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 12/4 with term to mature of 33 business days and financial volume of R\$550.0 billion, at a maximum rate of 11.68% p.y.

Along the month, there were no standing facilities.

On every business day of the month, except on 12/24 and 12/31, the Central Bank offered contracts in traditional foreign exchange swap auctions. In these events were signed 24,000 contracts maturing on 6/1/2015, 31,050 contracts maturing on 9/1/2015, 70,100 contracts maturing on 11/3/2015, 24,950 contracts maturing on 12/1/2015, 66,800 contracts maturing on 1/4/2016 and 53,100 contracts maturing on 2/1/2016, totaling the equivalent of US\$13.5 billion. On the last day of the month, the foreign exchange swap net long position reached US\$109.6 billion.



II. Secondary market transactions with federal securities registered in Selic

In December, the volume of outright operations among market institutions with Selic-registered federal public securities increased 31.4% as against the previous month, totaling R\$17.1 billion and 1,976 operations per day, on average.

Operations with fixed-rate securities (LTN and NTN-F) raised 43.7% as against the previous month totaling R\$10.8 billion, or 63.3% share of the total market. Likewise, on the segment of inflation-linked securities (NTN-B and NTN-C), trading volume increased 9.5% as against November and was responsible for an average daily trade volume of R\$3.6 billion, equivalent to a 21.0% share of the secondary market. On the floating rate (LFT) segment, the average daily trade volume increased 20.4% as against the previous month, totaling R\$2.7 billion, which was equivalent to a 15.5% share of the total market.

The most traded security in the secondary market, on the financial volume criteria, was the LTN due on 1/1/2015, with a daily average of R\$2.3 billion, corresponding to 13.4% of the whole secondary market. Next in rank, came the LTN maturing on 4/1/2015 and on 1/1/2016, with daily averages of R\$2.2 billion and R\$1.0 billion, respectively. The security with the highest number of trades in the secondary market was the LFT due on 3/7/2015, with an average of 302 trades per day.

The daily average financial volume of forward operations increased 21.6%, reaching R\$6.9 billion in December. On the segment of fixed-rate securities, forward negotiation rose 41.3% as against the previous month, reaching R\$4.7 billion. Transactions with inflation-linked securities declined 4.8% as against the previous month, totaling R\$2.2 billion. The LTN due on 1/1/2015 was the most transacted security, with a financial volume of R\$1.1 billion and a share of 16.2% of total trade.

Repurchase operations, except those performed with the Central Bank, reached daily averages of R\$1.0 trillion and 5,929 operations. Intraday repos recorded daily averages of R\$3.4 billion and 11 operations.

Overnight operations corresponded to 97.6% of total repurchase operations, recording daily averages of R\$978.0 billion and 5,664 operations. Repurchase operations maturing over one business day, allowing trade of collateral, recorded daily averages of R\$904.4 million and 36 operations. Regarding those not allowing transaction of collateral, daily averages were R\$19.4 billion and 219 transactions.

The daily average of outright brokerage operations increased 24.7% as against the previous month, to R\$6.3 billion. Their share of total outright operations changed from 38.6% to 36.6%. In December, the lowest traded volume was R\$1.5 billion, on 12/26, and the highest, R\$10.3 billion, on 12/15.



Considering only fixed-rate securities, the financial volume of outright brokerage operations increased from R\$2.8 billion in November to R\$3.9 billion in December. The number of operations remained 93 per day on average. Their share of this segment fell from 37.4% to 36.4%.

In the group of inflation-linked securities, the volume of outright operations with brokers was R\$1.2 billion, corresponding to 34.6% of the joint NTN-B and NTN-C market.

The LTN due on 1/1/2015, which recorded in December a daily average of R\$904.7 million in brokerage transactions, or 39.5% 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\$5.3 billion.