



## I. Open market and foreign exchange swap operations

In July, 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-B, NTN-F and LTN, in percentages of 35.3%, 34.8% and 29.9%, respectively. The financial volume of such long-term repurchase operations reached R\$20.0 billion and repurchases related to previous operations hit R\$25.9 billion, causing a monetary expansion of R\$5.9 billion. In the six-month operations settled over the month, the Central Bank sold NTN-F, LTN and NTN-B, in percentages of 44.5%, 29.1% and 26.4%, respectively. The financial volume of such long-term repurchase operations reached R\$11.5 billion and repurchases related to previous operations hit R\$18.2 billion, causing a monetary expansion of R\$6.7 billion. As a result, the balance of outstanding three-month repurchase operations, accrued by the contracted rates, went from R\$92.0 billion on 6/30 to R\$86.0 billion on 7/29. In the same period, the average term to mature of such operations came from 33 to 28 business days. With respect to the six-month repo operations, the balance accrued by the contracted rates went from R\$92.2 billion on 6/30 to R\$85.1 billion on 7/29. In the same period, the average term to mature of such operations remained unchanged (64 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\$205.7 billion at a maximum rate of 14.15% p.y. The Central Bank also held a borrowing intervention on 7/21 with term to mature of 30 business days and financial volume of R\$723.1 billion, at a maximum rate of 14.18% p.y.

On 7/7 and 7/26, standing facilities were accessed to borrow R\$45.0 million and R\$219.0 million, respectively, at a rate of 13.35% p.y. On 7/20 standing facilities were accessed to lend R\$260.0 million, at a rate of 14.95% p.y.

On every business day of the month, apart from 7/8 and 7/29, the Central Bank offered contracts in reverse foreign exchange swap auctions. In these events were signed 139,300 contracts maturing on 9/1/2016, 48,200 contracts maturing on 10/3/2016 and 2,500 contracts maturing on 1/2/2017, totaling the equivalent of US\$9.5 billion. On the last day of the month, the foreign exchange swap net long position reached US\$52.6 billion.



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

In July, the volume of outright operations among market institutions with Selic-registered federal public securities decreased 5.7% as against the previous month, totaling R\$23.5 billion and 2,474 operations per day, on average.

Operations with fixed-rate securities (LTN and NTN-F) dropped 24.9% as against the previous month totaling R\$12.2 billion, or 51.9% share of the total market. On the other hand, on the segment of inflation-linked securities (NTN-B and NTN-C), trading volume increased 36.7% as against June and was responsible for an average daily trade volume of R\$8.0 billion, equivalent to a 34.0% share of the secondary market. On the floating rate (LFT) segment, the average daily trade volume increased 17.9% as against the previous month, totaling R\$3.3 billion, which was equivalent to a 14.0% share of the total market.

The most traded security in the secondary market, on the financial volume criteria, was the NTN-B due on 5/15/2021, with a daily average of R\$1.9 billion, corresponding to 8.1% of the whole secondary market. Next in rank, came the NTN-F maturing on 1/1/2023, with a daily average of R\$1.5 billion, and the LTN maturing on 10/1/2016, with a daily average of R\$1.4 billion. The security with the highest number of trades in the secondary market was the NTN-B due on 5/15/2021, with an average of 204 trades per day.

The daily average financial volume of forward operations decreased 22.2%, reaching R\$11.4 billion in July. On the segment of fixed-rate securities, forward negotiation fell 39.0% as against the previous month, reaching R\$6.0 billion. Transactions with inflation-linked securities raised 14.2% as against the previous month, totaling R\$5.3 billion. The NTN-B due on 5/15/2021 was the most transacted security, with a financial volume of R\$1.3 billion and a share of 11.4% of total trade.

Repurchase operations, except those performed with the Central Bank, reached daily averages of R\$994.7 billion and 6,151 operations. Intraday repos recorded daily averages of R\$3.8 billion and 15 operations.

Overnight operations corresponded to 98.3% of total repurchase operations, recording daily averages of R\$977.5 billion and 6,096 operations. Repurchase operations maturing over one business day, allowing trade of collateral, recorded daily averages of R\$971.0 million and 10 operations. Regarding those not allowing transaction of collateral, daily averages were R\$12.5 billion and 29 transactions.

The daily average of outright brokerage operations decreased 24.9% as against the previous month, to R\$6.6 billion. Their share of total outright operations changed from 35.5% to 28.2%. In July, the lowest traded volume was R\$3.9 billion, on 7/7, and the highest, R\$15.6 billion, on 7/1.



Considering only fixed-rate securities, the financial volume of outright brokerage operations decreased from R\$6.1 billion in June to R\$3.8 billion in July. The number of operations came from 119 to 90 per day on average. Their share of this segment fell from 37.2% to 30.9%.

In the group of inflation-linked securities, the volume of outright operations with brokers was R\$1.4 billion, corresponding to 17.2% of the joint NTN-B and NTN-C market.

The LFT due on 9/1/2021, which recorded in July a daily average of R\$570.3 million in brokerage transactions, or 79.2% 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\$4.8 billion.