

## **I. Open market and foreign exchange swap operations**

In August, 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, LTN and NTN-F, in percentages of 51.9%, 26.6% and 21.4%, respectively. The financial volume of such long-term repurchase operations reached R\$36.0 billion and repurchases related to previous operations hit R\$35.4 billion, causing a monetary contraction of R\$524.2 million. In the six-month operations settled over the month, the Central Bank sold NTN-B, NTN-F and LTN, in percentages of 52.3%, 27.1% and 20.5%, respectively. The financial volume of such long-term repurchase operations reached R\$24.6 billion and repurchases related to previous operations hit R\$20.7 billion, causing a monetary contraction of R\$3.9 billion. As a result, the balance of outstanding three-month repurchase operations, accrued by the contracted rates, went from R\$86.0 billion on 7/29 to R\$87.0 billion on 8/31. In the same period, the average term to mature of such operations came from 28 to 31 business days. With respect to the six-month repo operations, the balance accrued by the contracted rates went from R\$85.1 billion on 7/29 to R\$89.6 billion on 8/31. In the same period, the average term to mature of such operations varied from 64 to 73 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\$189.3 billion at a maximum rate of 14.15% p.y.

On 8/16, standing facilities were accessed to borrow R\$3.2 billion, at a rate of 13.35% p.y. On 8/19 standing facilities were accessed to lend R\$600.0 million, at a rate of 14.95% p.y.

On every business day of the month, except for 8/31, the Central Bank offered contracts in reverse foreign exchange swap auctions. In these events were signed 43,000 contracts maturing on 9/1/2016, 78,050 contracts maturing on 10/3/2016, 58,925 contracts maturing on 11/1/2016 and 70,025 contracts maturing on 1/2/2017, totaling the equivalent of US\$12.5 billion. On the last day of the month, the foreign exchange swap net long position reached US\$40.1 billion.

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

In August, the volume of outright operations among market institutions with Selic-registered federal public securities increased 5.9% as against the previous month, totaling R\$24.9 billion and 2,556 operations per day, on average.

Operations with fixed-rate securities (LTN and NTN-F) raised 2.7% as against the previous month totaling R\$12.5 billion, or 50.4% share of the total market. Likewise, on the segment of inflation-linked securities (NTN-B and NTN-C), trading volume increased 4.1% as against July and was responsible for an average daily trade volume of R\$8.3 billion, equivalent to a 33.5% share of the secondary market. On the floating rate (LFT) segment, the average daily trade volume increased 21.8% as against the previous month, totaling R\$4.0 billion, which was equivalent to a 16.1% share of the total market.

The most traded security in the secondary market, on the financial volume criteria, was the LTN due on 10/1/2016, with a daily average of R\$3.7 billion, corresponding to 15.0% of the whole secondary market. Next in rank, came the NTN-B maturing on 5/15/2021 and on 5/15/2019, with daily averages of R\$2.4 billion and R\$1.2 billion, respectively. The security with the highest number of trades in the secondary market was the NTN-B due on 5/15/2019, with an average of 199 trades per day.

The daily average financial volume of forward operations increased 3.6%, reaching R\$11.8 billion in August. On the segment of fixed-rate securities, forward negotiation rose 8.6% as against the previous month, reaching R\$6.5 billion. Transactions with inflation-linked securities declined 3.3% as against the previous month, totaling R\$5.1 billion. The LTN due on 10/1/2016 was the most transacted security, with a financial volume of R\$1.7 billion and a share of 14.6% of total trade.

Repurchase operations, except those performed with the Central Bank, reached daily averages of R\$969.9 billion and 6,095 operations. Intraday repos recorded daily averages of R\$3.8 billion and 15 operations.

Overnight operations corresponded to 99.3% of total repurchase operations, recording daily averages of R\$963.4 billion and 6,032 operations. Repurchase operations maturing over one business day, allowing trade of collateral, recorded daily averages of R\$1.6 billion and 20 operations. Regarding those not allowing transaction of collateral, daily averages were R\$1.1 billion and 29 transactions.

The daily average of outright brokerage operations increased 11.3% as against the previous month, to R\$7.4 billion. Their share of total outright operations changed from 28.2% to 29.7%. In August, the lowest traded volume was R\$4.5 billion, on 8/29, and the highest, R\$12.7 billion, on 8/15.

Considering only fixed-rate securities, the financial volume of outright brokerage operations increased from R\$3.8 billion in July to R\$4.1 billion in August. The number of operations came from 90 to 88 per day on average. Their share of this segment rose from 30.9% to 32.9%.

In the group of inflation-linked securities, the volume of outright operations with brokers was R\$1.6 billion, corresponding to 19.5% of the joint NTN-B and NTN-C market.

The LTN due on 10/1/2016, which recorded in August a daily average of R\$926.9 million in brokerage transactions, or 24.8% 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\$4.2 billion.