

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 36.6%, 31.8% and 31.6%, respectively. The financial volume of such long-term repurchase operations reached R\$20.8 billion and repurchases related to previous operations hit R\$23.3 billion, causing a monetary expansion of R\$2.5 billion. In the six-month operations settled over the month, the Central Bank sold NTN-B, LTN and NTN-F, in percentages of 37.9%, 37.1% and 24.9%, respectively. The financial volume of such long-term repurchase operations reached R\$17.0 billion and repurchases related to previous operations hit R\$13.5 billion, causing a monetary contraction of R\$3.5 billion. As a result, the balance of outstanding three-month repurchase operations, accrued by the contracted rates, went from R\$90.7 billion on 9/30 to R\$89.1 billion on 10/31. 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\$101.6 billion on 9/30 to R\$106.2 billion on 10/31. In the same period, the average term to mature of such operations varied from 71 to 69 business days.

In managing short-term liquidity, the Central Bank borrowed funds overnight on all business days of the month. The average financial volume of these borrowing operations reached R\$185.6 billion at a maximum rate of 14.15% p.y. until 10/19 and of 13.90% p.y. thereafter, when the target for the Selic rate was decreased by 25 basis points. The Central Bank also held a borrowing intervention on 10/20 with term to mature of 28 business days and financial volume of R\$783.7 billion, at a maximum rate of 13.93% p.y.

Along the month, there were no standing facilities.

On every business day of the month, except on 10/31, the Central Bank offered contracts in reverse foreign exchange swap auctions. In these events were signed 54,460 contracts maturing on 11/1/2016, 23,620 contracts maturing on 12/1/2016 and 16,920 contracts maturing on 1/2/2017, totaling the equivalent of US\$4.8 billion. On the last day of the month, the foreign exchange swap net long position reached US\$28.3 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 27.3% as against the previous month, totaling R\$24.5 billion and 2,463 operations per day, on average.

Operations with fixed-rate securities (LTN and NTN-F) dropped 43.5% as against the previous month totaling R\$12.8 billion, or 52.2% share of the total market. On the other hand, on the segment of inflation-linked securities (NTN-B and NTN-C), trading volume increased 20.1% as against September and was responsible for an average daily trade volume of R\$6.9 billion, equivalent to a 28.2% share of the secondary market. On the floating rate (LFT) segment, the average daily trade volume decreased 11.1% as against the previous month, totaling R\$4.7 billion, which was equivalent to a 19.3% 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\$2.2 billion, corresponding to 9.0% of the whole secondary market. Next in rank, came the LTN maturing on 1/1/2017 and on 7/1/2020, with daily averages of R\$1.6 billion and R\$1.3 billion, respectively. 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 173 trades per day.

The daily average financial volume of forward operations decreased 13.0%, reaching R\$12.1 billion in October. On the segment of fixed-rate securities, forward negotiation fell 29.7% as against the previous month, reaching R\$6.9 billion. Transactions with inflation-linked securities raised 22.3% as against the previous month, totaling R\$5.0 billion. The NTN-B due on 5/15/2021 was the most transacted security, with a financial volume of R\$1.7 billion and a share of 13.8% of total trade.

Repurchase operations, except those performed with the Central Bank, reached daily averages of R\$1.0 trillion and 6,321 operations. Intraday repos recorded daily averages of R\$3.4 billion and 13 operations.

Overnight operations corresponded to 98.2% of total repurchase operations, recording daily averages of R\$1.0 trillion and 6,256 operations. Repurchase operations maturing over one business day, allowing trade of collateral, recorded daily averages of R\$1.2 billion and 18 operations. Regarding those not allowing transaction of collateral, daily averages were R\$14.0 billion and 35 transactions.

The daily average of outright brokerage operations decreased 27.6% as against the previous month, to R\$7.4 billion. Their share of total outright operations changed from 30.2% to 30.1%. In October, the lowest traded volume was R\$3.7 billion, on 10/11, and the highest, R\$11.0 billion, on 10/20.

Considering only fixed-rate securities, the financial volume of outright brokerage operations decreased from R\$7.1 billion in September to R\$4.2 billion in October. The number of operations came from 124 to 105 per day on average. Their share of this segment rose from 31.3% to 33.0%.

In the group of inflation-linked securities, the volume of outright operations with brokers was R\$1.5 billion, corresponding to 22.2% of the joint NTN-B and NTN-C market.

The LTN due on 7/1/2020, which recorded in October a daily average of R\$768.8 million in brokerage transactions, or 57.5% 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\$4.1 billion.