

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-B, LTN and NTN-F, in percentages of 40.3%, 35.0% and 24.7%, respectively. The financial volume of such long-term repurchase operations reached R\$21.7 billion and repurchases related to previous operations hit R\$21.1 billion, causing a monetary contraction of R\$633.8 million. In the six-month operations settled over the month, the Central Bank sold LTN, NTN-B and NTN-F, in percentages of 40.8%, 32.4% and 26.8%, respectively. The financial volume of such long-term repurchase operations reached R\$16.5 billion and repurchases related to previous operations hit R\$11.9 billion, causing a monetary contraction of R\$4.6 billion. As a result, the balance of outstanding three-month repurchase operations, accrued by the contracted rates, went from R\$84.9 billion on 12/30 to R\$85.0 billion on 1/31. In the same period, the average term to mature of such operations came from 35 to 30 business days. With respect to the six-month repo operations, the balance accrued by the contracted rates went from R\$104.4 billion on 12/30 to R\$108.6 billion on 1/31. In the same period, the average term to mature of such operations varied from 62 to 57 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\$234.2 billion at a maximum rate of 13.65% p.y. until 1/11 and of 12.90% p.y. thereafter, when the target for the Selic rate was decreased by 75 basis points. The Central Bank also held a borrowing intervention on 1/12 with term to mature of 30 business days and financial volume of R\$803.0 billion, at a maximum rate of 12.93% p.y.

On 1/17, standing facilities were accessed to borrow R\$500.0 million, at a rate of 12.10% p.y. On 1/3 standing facilities were accessed to lend R\$2.3 billion, at a rate of 14.45% p.y.

On 1/17, 1/18, 1/19, 1/20, 1/23, 1/24, 1/26, 1/27 and 1/30, the Central Bank offered contracts in traditional foreign exchange swap auctions. In these events were signed 58,530 contracts maturing on 5/2/2017 and 69,470 contracts maturing on 7/3/2017, totaling the equivalent of US\$6.4 billion. On the last day of the month, the foreign exchange swap net long position reached US\$26.6 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 21.8% as against the previous month, totaling R\$25.2 billion and 2,281 operations per day, on average.

Operations with fixed-rate securities (LTN and NTN-F) dropped 43.5% as against the previous month totaling R\$12.4 billion, or 49.2% share of the total market. On the other hand, on the segment of inflation-linked securities (NTN-B and NTN-C), trading volume increased 44.7% as against December and was responsible for an average daily trade volume of R\$8.2 billion, equivalent to a 32.6% share of the secondary market. On the floating rate (LFT) segment, the average daily trade volume decreased 0.7% as against the previous month, totaling R\$4.6 billion, which was equivalent to an 18.1% share of the total market.

The most traded security in the secondary market, on the financial volume criteria, was the LTN due on 7/1/2020, with a daily average of R\$2.2 billion, corresponding to 8.8% of the whole secondary market. Next in rank, came the NTN-B maturing on 5/15/2021 and on 8/15/2022, with daily averages of R\$2.2 billion and R\$1.7 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 193 trades per day.

The daily average financial volume of forward operations decreased 24.6%, reaching R\$12.0 billion in January. On the segment of fixed-rate securities, forward negotiation fell 46.8% as against the previous month, reaching R\$6.3 billion. Transactions with inflation-linked securities raised 40.9% as against the previous month, totaling R\$5.6 billion. The NTN-B due on 5/15/2021 was the most transacted security, with a financial volume of R\$1.6 billion and a share of 13.3% of total trade.

Repurchase operations, except those performed with the Central Bank, reached daily averages of R\$1.1 trillion and 6,353 operations. Intraday repos recorded daily averages of R\$2.5 billion and 9 operations.

Overnight operations corresponded to 98.4% of total repurchase operations, recording daily averages of R\$1.1 trillion and 6,258 operations. Repurchase operations maturing over one business day, allowing trade of collateral, recorded daily averages of R\$2.3 billion and 22 operations. Regarding those not allowing transaction of collateral, daily averages were R\$12.6 billion and 64 transactions.

The daily average of outright brokerage operations decreased 28.2% as against the previous month, to R\$6.9 billion. Their share of total outright operations changed from 29.6% to 27.2%. In January, the lowest traded volume was R\$1.5 billion, on 1/26, and the highest, R\$17.6 billion, on 1/2.

Considering only fixed-rate securities, the financial volume of outright brokerage operations decreased from R\$6.4 billion in December to R\$3.6 billion in January. The number of operations came from 118 to 94 per day on average. Their share of this segment fell from 29.0% to 28.8%.

In the group of inflation-linked securities, the volume of outright operations with brokers was R\$1.3 billion, corresponding to 15.3% of the joint NTN-B and NTN-C market.

The LTN due on 7/1/2020, which recorded in January a daily average of R\$890.3 million in brokerage transactions, or 40.1% 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.