

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 36.1%, 32.1% and 31.8%, respectively. The financial volume of such long-term repurchase operations reached R\$30.8 billion and repurchases related to previous operations hit R\$44.5 billion, causing a monetary expansion of R\$13.8 billion. In the six-month operations settled over the month, the Central Bank sold NTN-F, NTN-B and LTN, in percentages of 53.3%, 24.6% and 22.0%, respectively. The financial volume of such long-term repurchase operations reached R\$17.4 billion and repurchases related to previous operations hit R\$11.5 billion, causing a monetary contraction of R\$5.9 billion. As a result, the balance of outstanding three-month repurchase operations, accrued by the contracted rates, went from R\$99.3 billion on 9/29 to R\$86.1 billion on 10/31. In the same period, the average term to mature of such operations came from 26 to 30 business days. With respect to the six-month repo operations, the balance accrued by the contracted rates went from R\$84.7 billion on 9/29 to R\$91.2 billion on 10/31. In the same period, the average term to mature of such operations varied from 64 to 63 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\$238.2 billion at a maximum rate of 8.15% p.y. until 10/25 and of 7.40% 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 10/26 with term to mature of 28 business days and financial volume of R\$861.2 billion, at a maximum rate of 7.43% p.y.

On 10/25, standing facilities were accessed to borrow R\$1.9 billion, at a rate of 7.35% p.y. On 10/20 standing facilities were accessed to lend R\$360.0 million, at a rate of 8.95% p.y.

Along the month, there were no foreign exchange swap auctions. On the last day of the month, the foreign exchange swap net long position reached US\$23.8 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 34.7% as against the previous month, totaling R\$23.2 billion and 2,034 operations per day, on average.

Operations with fixed-rate securities (LTN and NTN-F) dropped 36.8% as against the previous month totaling R\$11.8 billion, or 51.1% share of the total market. Likewise, on the segment of inflation-linked securities (NTN-B and NTN-C), trading volume decreased 42.1% as against September and was responsible for an average daily trade volume of R\$6.9 billion, equivalent to a 29.7% share of the secondary market. On the floating rate (LFT) segment, the average daily trade volume decreased 9.1% as against the previous month, totaling R\$4.5 billion, which was equivalent to a 19.2% share of the total market.

The most traded security in the secondary market, on the financial volume criteria, was the LTN due on 10/1/2019, with a daily average of R\$2.1 billion, corresponding to 9.2% of the whole secondary market. Next in rank, came the NTN-B maturing on 8/15/2022, with a daily average of R\$1.9 billion, and the LTN maturing on 7/1/2021, with a daily average of R\$1.5 billion. The security with the highest number of trades in the secondary market was the NTN-B due on 8/15/2022, with an average of 185 trades per day.

The daily average financial volume of forward operations decreased 40.4%, reaching R\$11.4 billion in October. On the segment of fixed-rate securities, forward negotiation fell 35.8% as against the previous month, reaching R\$6.5 billion. Transactions with inflation-linked securities declined 47.9% as against the previous month, totaling R\$4.6 billion. The NTN-B due on 8/15/2022 was the most transacted security, with a financial volume of R\$1.5 billion and a share of 13.1% of total trade.

Repurchase operations, except those performed with the Central Bank, reached daily averages of R\$1.1 trillion and 6,473 operations. Intraday repos recorded daily averages of R\$1.6 billion and 6 operations.

Overnight operations corresponded to 98.6% of total repurchase operations, recording daily averages of R\$1.1 trillion and 6,425 operations. Repurchase operations maturing over one business day, allowing trade of collateral, recorded daily averages of R\$1.2 billion and 11 operations. Regarding those not allowing transaction of collateral, daily averages were R\$11.7 billion and 30 transactions.

The daily average of outright brokerage operations decreased 25.6% as against the previous month, to R\$6.4 billion. Their share of total outright operations changed from 24.0% to 27.4%. In October, the lowest traded volume was R\$3.3 billion, on 10/16, and the highest, R\$10.2 billion, on 10/27.

Considering only fixed-rate securities, the financial volume of outright brokerage operations decreased from R\$5.1 billion in September to R\$3.5 billion in October. The number of operations came from 105 to 85 per day on average. Their share of this segment rose from 27.4% to 29.3%.

In the group of inflation-linked securities, the volume of outright operations with brokers was R\$688.4 million, corresponding to 10.0% of the joint NTN-B and NTN-C market.

The LTN due on 10/1/2019, which recorded in October a daily average of R\$765.7 million in brokerage transactions, or 35.8% 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\$8.8 billion.