



I. Open market operations

In April, the Central Bank borrowed funds weekly through security selling auctions with commitment of repurchase in six months. In operations settled in the month, the Central Bank sold LTN, NTN-F and NTN-B in percentages of 38.9%, 35.9% and 25.3%, respectively. The financial volume of such long-term repurchase operations reached R\$17.9 billion and repurchases related to previous operations reached R\$14.0 billion causing a consolidated contractionary monetary impact of R\$3.9 billion. Accordingly, the balance of outstanding long-term repurchase operations, accrued by the contracted rates, increased to R\$90.5 billion in 4/30 from R\$85.9 billion in 3/31. In the same period, the average term to mature of such operations increased, from 62 to 64 business days.

In managing short-term liquidity, the Central Bank borrowed funds overnight in 17 out of the 20 business days of the month at a cut rate of either 8.66% p.y. until 4/23, or 9.40% p.y. and 9.41% p.y., after the setting of the Selic rate by the Monetary Policy Committee. The average volume of these operations reached R\$46.6 billion. The Central Bank also held, at 4/5, 4/12, 4/19 and 4/29, borrowing interventions with terms to mature ranging from 7 to 29 business days. The cut rate was 8.70% p.y. for the first three operations and 9.45% p.y. for the last. Financial volumes ranged from R\$250.0 million to R\$159.6 billion.

Standing facilities were accessed 4 times in April with one borrowing and three lending interventions. The volume of the former was R\$179.0 million, at a rate of 7.85% p.y. The lending interventions reached an average volume of R\$737.1 million, at rate of either 9.45% p.y. or 10.20% p.y. All interventions were for 2 business days, except the one held at 4/28, contracted for 1 business day.



II. Secondary market transactions with federal securities registered in Selic

In April, the volume of outright operations among market institutions with Selic-registered federal public securities decreased 17.7% as against the previous month, totalling R\$12.8 billion and 1,591 operations per day, on average.

The reduction on transactions has occurred across all securities, but was striking on the floating rate (LFT) segment, which average trade volume fell 26.9% as against March, reaching R\$3.1 billion, or 23.9% of total trade in the secondary market. Daily average trade volume with fixed-rate (LTN and NTN-F) securities decreased 14.9% as against the previous month, reaching an average financial volume of R\$6.7 billion, and accounting for 52.6% in the secondary market. Trade with NTN-B and NTN-C reached a daily average of R\$3.0 billion, a 13.0% less than in March, and a share of 23.4% of the whole secondary market.

The most traded security in the secondary market was the LTN due on 7/1/2012, with a daily average of R\$2.2 billion, approximately 17.6% of the whole secondary market. Next in rank came the NTN-B maturing on 5/15/2011 and the NTN-F maturing on 1/1/2012, with daily trade averages of R\$855.2 million and R\$757.7 million, respectively. Among the floating-rate securities, the LFT due on 6/7/2010 was the highest in financial volume, with an average of R\$602.9 million. This was also the security with the highest number of trades in the secondary market, with an average of 265 trades/day.

The daily average financial volume of forward operations decreased 18.7% in April, to R\$5.7 billion. On the segment of fixed-rate securities financial volume fell 17.4% as against March, to R\$3.7 billion. The average financial volume of inflation-indexed securities decreased 21.3% as against the previous month, reaching R\$1.9 billion. The LTN maturing on 7/1/2012 was the most transacted security in this market, with a share of 32.4% of total trade in this market segment.

Repurchase operations, except those performed with the Central Bank (see Table 36 – Volume of Operations with Federal Securities in the Secondary Market), reached daily averages of R\$356.2 billion and 4,309 operations. Intraday repos recorded daily averages of R\$3.1 billion and 25 operations.

Overnight operations corresponded to 95.7% of total repurchase operations, recording daily averages of R\$340.9 billion and 4,220 operations. Repurchase operations maturing over one business day, allowing trade of collateral, recorded daily averages of R\$561.0 million and 10 operations. Regarding those not allowing transaction of collateral, daily averages recorded R\$11.6 billion and 54 transactions.

The daily average of outright brokerage operations decreased 12.5% as against the previous month, to R\$6.5 billion. Their share on total outright operations changed from 48.1% in March to 51.1% in April. The lowest traded volume was R\$3.5 billion, on 4/12, and the highest, R\$10.6 billion, on 4/30.

Considering only fixed rate securities, the financial volume of outright brokerage operations decreased to R\$4.0 billion



per day versus R\$4.7 billion in the previous month, and the number of operations reduced from 90 to 84 per day, on average. Their share on total outright operations in the fixed-rate market also fell from 59.9% to 59.2%.

In the group of inflation-linked securities, the volume of outright operations with brokers reached R\$1.6 billion, around 52.5% of the joint NTN-B and NTN-C market.

The LTN maturing on 7/1/2012, which recorded in April a daily average of brokerage transactions of R\$1.9 billion, 83.0% 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\$2.7 billion.