



BANCO CENTRAL DO BRASIL

Minutes of the 86th Meeting of the Monetary Policy Committee (Copom)

Date: July 22nd, from 4:10PM to 6:30PM, and July 23rd, from 11:30AM to 1:45PM

Place: Central Bank's Headquarters meeting room of the 8th floor (on July 22nd) and 20th floor (on July 23rd) – Brasília – DF

In attendance:

Members of the Committee

Henrique de Campos Meirelles – Governor
Afonso Sant'Anna Bevilacqua
Antônio Gustavo Matos do Vale
Beny Parnes
João Antônio Fleury Teixeira
Luiz Augusto de Oliveira Candiota
Paulo Sérgio Cavalheiro
Sérgio Darcy da Silva Alves

Department Heads (present on July 22nd)

Altamir Lopes – Economic Department
Daso Maranhão Coimbra – International Reserves Operations Department
José Antonio Marciano – Department of Banking Operations and Payments System
José Pedro Ramos Fachada Martins da Silva – Investor Relations Group
Marcelo Kfoury Muinhos – Research Department (also present on July 23rd)
Sérgio Goldenstein – Open Market Operations Department

Other participants (present on July 22nd)

Alexandre Pundek Rocha – Advisor to the Board
João Batista do Nascimento Magalhães – Special Advisor to the Governor
Jocimar Nastari – Press Secretary
Katherine Hennings – Advisor to the Board

The members of the Monetary Policy Committee analyzed the recent performance of and prospects for the Brazilian and international economies under the monetary policy framework, which is designed to comply with the inflation targets established by the government.

Recent Evolution of Inflation

1. In June, inflation continued its downward trend, with wholesale and consumer price indices posting negative changes. The fall of wholesale prices for the second consecutive month reflected the effects of an increase in the supply of cereals and grains due to the new harvest season, and the effect of the recent exchange rate appreciation on agricultural and industrial prices. Regarding consumer prices, the slowdown in inflation was also general, but the negative change observed in June was the result of the sharp decline in fuel and food prices.
2. The IPCA fell 0.15% in June, after an increase of 0.61% in the previous month, accumulating a 6.64% increase in 2003. The IGP-DI fell 0.70% in June, compared to a decrease of 0.67% in May, while the IPA-DI fell 1.16% in June from 1.68% in May. In the twelve months ending in June, the IPCA increased 16.57%, the first reduction in the 12-month accumulated change since August 2002. The 12-month changes of the IGP-DI and IPA-DI decreased for the third consecutive month



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in June, reaching 26.94% and 33.55%, respectively, compared to 30.05% and 38.50%, observed in May.

3. Regarding the IPCA, the negative change observed in June was determined by the fall in gasoline, alcohol-based auto fuel and food prices, which together contributed -0.45 p.p. to the overall result. The price of rice increased 6.2% in June, compared to an increase of 14.46% in May, as a result of the continuing effects of decreased production in the South of Brazil. Even with the substantial fall in growth between the two months, the increase in the price of rice registered the highest positive individual contribution to the increase in the IPCA in June (0.06 p.p.).
4. Inflation of market prices in the IPCA slowed again in June, while the inflation of regulated prices reversed their recent positive changes. Market price inflation slowed to 0.20% in June from 0.53% in May, while the level of regulated prices actually decreased 1.02% in June, compared to an increase of 0.81% in May.
5. The deceleration of market price inflation was due mainly to the 0.34% decline in food prices, even with upward pressures from increases in the prices of rice, milk and dairy products. The decrease in food prices was influenced by the increased supply of sugar cane, beans and corn. This increased supply of corn affected meat prices, mainly chicken, which decreased 2.3%. Regarding sugar, the decrease of international prices prevailed. Conditions for perishable food production remained favorable in June, supporting the average fall of 8.0% in these prices, after a decrease of 6.3% in May. Excluding food items, market prices increased 0.47% in June compared to 0.48% in May, reflecting the seasonal acceleration of increases in clothes prices, which counteracted the general deceleration of market price inflation.
6. Regulated prices fell 1.02% in June compared to a rise of 0.81% in May, contributing -0.29 p.p. to the overall result of the IPCA in June. Gasoline prices at gas stations decreased 4.9%, as a result of the continuing effects of the 6.5% reduction at the refinery level since April 30. The decline of alcohol-based fuel prices intensified in June, reaching 12.1%, due to the increased supply of sugar cane, the decrease of international sugar prices and the recent exchange rate appreciation.
7. Wholesale prices posted a negative change for the second consecutive month, both in agricultural and industrial prices. The agricultural IPA's 1.04% decline was smaller than the 3.08% drop in May as a consequence of upward pressures from meat and meat-products. The increased supply of grains, vegetables and fruits continued to contribute to the decrease of the prices of these products. The industrial IPA fell 1.21%, after a decrease of 1.15% in May. The result was influenced by further decreases in the prices of chemical products, particularly fuel, lubricants and fertilizers, and negative changes in important segments such as food products, plastic, metallurgical and electronic materials, paper and corrugated paper, fabric and clothing. On the other hand, increases in the prices of industrial mineral products, beverages, furnishings, wood, rubber and non-metallic minerals should be highlighted.
8. Core IPCA inflation calculated by excluding household food items and regulated prices, decreased to 0.52% in June from 0.56% in May. The accumulated change in the last twelve months reached 10.97%.
9. Core IPCA inflation calculated under the trimmed-mean method reached 0.9% in June, compared to 1.0% in May. In the last twelve months, the accumulated change increased to 12.5%, continuing to reflect the influence of higher inflation in the second half of 2002.
10. Core IPC-BR inflation, calculated under the symmetric trimmed-mean method increased 0.74% in June, compared to 1.05% in May, accumulating an increase of 12.51% in the twelve months through June. In this case core inflation is also influenced by the higher inflation in the second half of 2002.



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11. In July, the effect of the exchange rate depreciation on wholesale prices will decline, with agricultural and industrial prices likely to register less deflation. Agricultural prices may also reflect increasing pressures in meat, milk and dairy products prices due to seasonal effects. Only the prices of the products in the sugarcane derivatives industry may continue to decline. The decrease of 0.42% in agricultural prices registered in the second preview of the July IGP-M, compared to 1.5% in the second preview of June, already reflects these effects.
12. Consumer price indices will be impacted by the increase in regulated prices, particularly the readjustment of electricity tariffs in São Paulo and telephone tariffs around the country. The negative contribution of fuel and food prices will decrease in July. Regarding clothing, the recently seen pressures are expected to reverse due to early winter sales.

Assessment of Inflation Trends

13. The identified shocks and their impacts were reassessed according to newly available information. The scenario considered in the simulations assumes the following hypotheses:
 - a. The projections for the readjustment of gasoline prices in the remainder of 2003 decreased by 5.2 p.p. since the last meeting. The new projection for this year's readjustment is +0.1%. The projections for bottled cooking gas for 2003 remained almost stable, with a 0.1 p.p. reduction between the June and July meetings. These forecasts include price readjustments that have occurred up to the current date;
 - b. The projections for the readjustment of electricity tariffs fell slightly, to 21% from 23%, already including the readjustments that have occurred up to the current date. Regarding telephone tariffs, the new forecast presumes a 25.5% readjustment in 2003;
 - c. Regulated prices, which had a 28.7% weight in the June IPCA, are forecast to rise 13.1% in 2003, a 1.0 p.p. decrease compared to last month's projection, despite the significant increase in the forecast for the readjustment of telephone tariffs. This drop in the projection continues to be a consequence of the exchange rate appreciation observed in recent months. Gasoline, alcohol-based auto fuel and household electricity tariffs were the major prices responsible for the decrease in the projection for the increase in overall regulated prices in 2003;
 - d. For 2003, it is assumed that the readjustment of regulated prices will follow the endogenous determination model of regulated prices, which considers the change in the exchange rate, free price inflation and the change in the IGP price index, as well as seasonal factors. Under this new methodology, the projection for the readjustment of regulated prices in 2004 is 9.6%;
 - e. The projection for the 6-month spread over the Selic rate, following the specification of the VAR model using the Selic and the swap rate on the eve of the Copom meeting, was -340 b.p. for the third quarter of 2003, gradually rising to 40 b.p. at the end of 2004.
14. Regarding fiscal policy, it is assumed that the primary surplus target of 4.25% of GDP for this year and the following two years will be accomplished. The other related assumptions established in the June meeting were maintained.
15. Considering the baseline scenario hypotheses, including the maintenance of the Selic interest rate at 26.0% p.a. and the exchange rate at the level prevailing on the eve of the Copom meeting (R\$2.85), inflation is projected above the adjusted target of 8.5% for 2003 and below the target of 5.5% for 2004.



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Monetary Policy Decision

16. Monthly inflation has continued the declines observed in recent months. This positive outcome is mainly the result of monetary initiatives that impeded the propagation of the shocks that occurred at the end of 2002, and to consistency in fiscal policy. These factors, together with a more favorable international environment, led to an exchange rate appreciation in the period and to a convergence of inflation expectations to the path of the targets. The significant drop of inflation illustrated by the results of the IPCA in June and the IPCA-15 in July provides evidence of the effectiveness of monetary policy in reducing inflation persistence, and preventing its continuation at high levels. Additionally, these results strengthen the perception that the convergence of inflation to the targets is occurring more rapidly than had been observed up to April.
17. The 0.15% decline of the IPCA in June was a result of a 1.02% drop in regulated prices and a 0.20% increase in free prices. These numbers benefited from several conjunctural and seasonal factors, such as declines in gasoline, alcohol-based auto fuel and food prices. Though such factors should be taken under consideration, market prices show a clear deceleration of inflation. Excluding food, market price inflation remained between 0.45% and 0.50% in May and June compared to 0.81% in April.
18. Several measures of core inflation dropped between May and June, as described above. A similar trend was seen in other price indices, such as the IPC-Fipe, which showed a drop in inflation for the fifth consecutive month.
19. The outright fall of the IPCA in June was accompanied by a lower proportion of individual prices in the IPCA showing positive readjustments: 60.4% compared to 66.0% in May. The June rate is significantly smaller than the 85.9% registered in January, the highest value in the series since 1995, and is lower than the average of 63.7% observed since January of 1999.
20. The behavior of the exchange rate has contributed to the drop of inflation. Between June and July, the exchange rate remained almost stable, with the US dollar floating between R\$2.80 and R\$2.90. Country risk measured by the Embi+ increased slightly since the eve of the June Copom meeting, to 726 b.p. from 696 b.p.. The rollover rates for private securities and external loans continue to increase. In June, the IPA, which is strongly related to the exchange rate, posted deflation. This was the second consecutive month of deflation in the case of the industrial subcomponent of the IPA, and the third consecutive month in the case of the agricultural subcomponent of the IPA.
21. However, the effects on tradable goods prices of the exchange rate appreciation that has occurred since the beginning of 2003 have so far been less intense than expected. As the behavior of wholesale prices have a partial and delayed effect on consumer prices, there is still room for the exchange rate appreciation that has occurred since the beginning of 2003 to affect the IPCA, even though the exchange rate has remained stable around current levels for the past month. As a result, although tradable goods prices do not yet embody all of the exchange rate appreciation that has occurred, it is reasonable to expect that they will adjust further in the absence of additional upward pressures.
22. The deceleration in economic activity has continued, with a decline in retail sales, an increase in inventories, and zero growth in industrial production. The unemployment rate measured by the IBGE increased in May to 12.8%. Because it is based upon a new methodology, the May unemployment rate is not directly comparable to the value observed in the same month of past years. It should be highlighted that some of the indicators available in the Copom meeting still reflect the lagged impacts on economic activity of the adverse macroeconomic environment prevailing in the final months of 2002 and in the first months of 2003. The Copom remains aware of the evolution of the level of activity and believes that the recent deceleration will be reversed in the second half of 2003, as a result of the effects of the recent significant improvement in the macroeconomic fundamentals.



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23. Both the Central Bank's inflation forecasts and market inflation expectations have been converging to the inflation targets. The Central Bank's inflation forecasts for 2003 point to inflation above the adjusted target of 8.5%. Nonetheless, as observed at the June Copom meeting, since the second quarter of this year inflation has registered results compatible with the projections presented in the Open Letter sent by the Central Bank's Governor to the Ministry of Finance on January 21, 2003.
24. The median of market expectations for inflation surveyed by Gerin has also been converging to the inflation targets. In the weeks before the July Copom meetings, expected inflation for the next 12-months dropped to 7.0% from 7.7%, a value that is consistent with the 12-month ahead path of the inflation targets from July. In the same period the median of market expectation for 2004 inflation dropped to 6.5% from 7.4%.
25. The Central Bank's inflation forecasts, considering the baseline scenario hypotheses, including a Selic rate at 26.0% p.a. and the exchange rate at the level of R\$2.85, point to an inflation rate accumulated in the next twelve months below the trajectory of the inflation targets. For 2004, the forecast is below the new target of 5.5% fixed by the CMN at the end of June. However, during periods of disinflation, nominal interest rates are expected to fall gradually, and therefore forecasts for relatively long time horizons based on constant nominal interest rates tend to overestimate the downward trajectory of inflation.
26. The Copom remains concerned about the risks to setting inflation on a path consistent with the trajectory of the targets, especially with respect to the degree of inflation persistence and to the speed of disinflation. The Copom has compared its inflation forecasts from the model currently in use with an alternative model that adopts a higher degree of inflation persistence. The inflation forecasts for the second quarter of 2003 adopting the current model were more precise, which provides more evidence that the degree of inflation persistence is converging towards its historical mean.
27. If the recent trend of inflation persists, real interest rates should converge to lower levels in the future. The gradual convergence of interest rates towards the new equilibrium levels in the medium term will preserve the recent success in fighting inflation and will be compatible with a sustained recovery in the level of economic activity.
28. Considering the forecasts for inflation in the next twelve months and 2004, the recent rates for the IPCA and the evidence that inflation persistence may be returning to its historical levels, the Copom believes that additional loosening of monetary policy will not compromise the recent success in reducing inflation.
29. As a result, the Copom decided, unanimously, to fix the target for the Over-Selic rate at 24.5% p.a.
30. At the closing of the meeting, it was announced that the Copom would meet again on August 19, for technical presentations and on the following day, in order to discuss the monetary policy decision, as established in the Communiqué 10,187, of October 2, 2002.



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SUMMARY OF DATA ANALYZED BY THE COPOM

Economic Activity

31. According to the IBGE, national retail sales fell 6.1% year-on-year in May, and 5.6% year-on-year in the first five months of 2003. The negative performance was generalized, hitting all retail sectors and 25 out of Brazil's 27 states. The sector that includes hypermarkets and supermarkets, food products, beverages and tobacco sales exerted the main negative influence on the overall retail result, with year-on-year declines of 6.3% and 6.2% in May and in the five months up to May, respectively.
32. Seasonally adjusted data from Fecomércio-SP also show a fall of 2% in real retail sales in the metropolitan area of São Paulo in June (preliminary data), compared to May. Basically, this result is due to a 6.1% decline in sales of semi-durable consumer goods, and a 7.3% fall in cars sales. On the other hand, the sales of durable consumer goods and raw materials for construction increased in June 2003. Data on sales with checks and credit purchases released by the ACSP show increases in June. In the year to June, these indicators accumulated declines of 3.7% and 1.5%, respectively, signaling that consumption remains concentrated on goods with lower unit values or purchased with predated checks.
33. The monthly Fecomércio-SP survey of consumer confidence showed a decrease of 5 percentage points in July, explained mainly by a percentage point decline in consumers' current intentions, while the decline in future intentions of 3 percentage points was smaller. Despite the decline, the IIC still stood at 104.4 (out of a 0-200 range), which remains in the "optimistic" range.
34. The main investment indices improved slightly in May, with increases in production, in exports, in capital goods imports and in the production of construction inputs. However, the accumulated results in the first five months of 2003 remain in negative territory on a year-on-year basis, still reflecting the difficult economic environment. Accumulated production of construction inputs decreased 5.8% year-on-year in the first five months of 2003. The accumulated volume of imported capital goods registered a 31.4% year-on-year decline for the same period, mainly due to the decline of investments in telecommunication and electrical energy. Also, total medium and long term financing provided by the BNDES in the January-May period was 33.8% below the level in the same period of last year.
35. In May, industrial production remained relatively stable compared to April, with a seasonally adjusted change of 0.1%. The positive change was due to the mineral extraction industry, which grew 0.7%, while manufacturing output remained stable in May (-0.02%). In the period up to May, accumulated industrial output was 0.6% higher year-on-year.
36. By categories of use, the favorable performance in May is explained by the output of non-durables and semi-durables, which increased a seasonally adjusted 1.8%. However, this category has been decreasing since February and the accumulated year-on-year change in 2003 was -3.8% in May. Sectors posting notable performance in May include food and beverages and fuel, especially alcohol-based fuel production, which was influenced by the sugar cane harvest and the increase in the share of alcohol added to gasoline. Regarding capital goods, once again sectors related to agriculture, such as production of agricultural machinery made positive contributions.
37. The output of intermediate goods fell for the fourth consecutive month in May, but accumulated output in the January-May period was still up 2.2% year-on-year, the only sector showing an increase on this basis of comparison. This behavior reflects the positive influence on industrial production of agribusiness, the petroleum extraction industry, and exports.



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38. Data on industrial activity released by the CNI also showed a slowdown, with a reduction of 1.29% s.a. in real sales in May. It should be highlighted that this result may in part be influenced by the recent exchange rate appreciation, which reduced the exports revenue measured in domestic currency. Total worked hours increased 0.18% month-on-month (s.a.). In the January-May period, these two indicators registered accumulated year-on-year increases of 1.53% and 0.37%, respectively. In the s.a. series, installed capacity utilization reached 79.6% in May, compared to the recent peak of 81.6% registered in October 2002. The average utilization rate in the first five months of the year was 0.66% lower than in the same period of 2002.
39. Also according to the CNI, business survey data show an increase of stocks in the first half of 2003. Regarding business confidence, CNI showed a worsening of the perception of current economic conditions.
40. In the automotive sector, auto output fell 2.5% month-on-month in June (s.a.), while domestic sales increased 4.8% and external sales 5.3%. In the first half of 2003, auto output increased 3% compared to the same period of 2002, driven mainly by a 41.9% expansion in external sales, while domestic sales fell 6.8%.

Labor Market

41. The index of legally registered employment increased 0.15% month-on-month in May s.a., and accumulated a 3.2% year-on-year increase in the first five months of the year, according to Ministry of Labor and Employment data. According to the new methodology for the IBGE's employment survey, the unemployment rate in the six main metropolitan areas reached 12.8% in May, compared to 12.4% in April and 11.9% in May 2002. This growth in the unemployment rate was the result of a 0.9% increase in the economically active population, a 0.4% increase in the employed population, and a 4.2% increase in the unemployed population.
42. Also according to the IBGE's survey, the average real wage of employed workers in April 2003 was 14% lower than in the same month of 2002. In the industrial sector, according to the CNI, the real wage in May of 2003 was 7.7% below the level in the same month of last year.

Credit and Delinquency Rates

43. The total balance of credit in the financial system grew 0.5% in June, driven by an increase in concessions of earmarked credit, while non-earmarked or freely allocated credit remained stable. Among earmarked credits, seasonal demand for credit to finance the 2003/2004 grain harvest led to a 3.2% increase in agricultural financing.
44. The stock of non-earmarked credit remained stable for the second consecutive month at R\$214.7 billion in June. This result continued to reflect the deceleration of economic activity, with small increases in domestically funded credit to companies and individuals being offset by decreases in dollar-indexed lending to companies.
45. The average interest rate on non-earmarked credit operations fell in June, following the reduction in interest rates in the futures market. The average interest rate fell 1.1 p.p. to 56.7% p.a., driven mainly by the 2.3 p.p. decrease in the average interest rate on lending to individuals. The delinquency rate on non-earmarked bank credits remained at 8.8% in June.
46. Regarding default rates on retail credit, there was another improvement in June, with the number of new delinquency registrations falling by 10.1%. ACSF data showed that the number of cancelled registrations increased 10.9% in the first half of 2003, compared to the level registered in the same period of 2002, signaling the willingness of debtors and creditors to renegotiate past due credits.



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Thus, the delinquency rate fell to 4.9% in June, and the average delinquency rate in the first half of 2003 fell to 6.2% compared to 7.6% registered in the same period of 2002.

External Environment

47. Global economic activity did not present meaningful improvement in the last two months, even though the outlook for the second half of 2003 is more optimistic. Projections for global economic growth in 2003 have been marked down since the beginning of the year.
48. The most recent economic indicators in the US signaled a more favorable economic environment, but nevertheless have still not corroborated a strong recovery. The Fed's projection for economic growth in 2003 is 2.5-2.7%. The European economy continues to stagnate. However expectations in Japan have become more optimistic, indicating that growth could come in over 1% as a result of the gradual recovery of fixed investment and exports. In Asia, economic activity has shown signals of returning to normal after the negative effects of SARS, mainly in China.
49. Labor markets in the industrialized economies remain weak, with unemployment rates at high levels. Consumer confidence remains depressed. Business expectations are positive in the US and have been increasing modestly in Europe and Japan.
50. In June, inflation increased in the major economies, although it remains at low levels. In the Euro area, inflation increased to 2% p.a. in June from 1.9% p.a. in May. In the United Kingdom, inflation is slightly above the official inflation target. In the United States, the consumer price index increased 0.2% in June (the core CPI remained stable). According to the Fed, the risk of deflation in the US is very low.
51. Policy interest rates in the major economies continue to decline. After a cut of 50 b.p. at the last meeting of the European Central Bank's Policy Committee, the Bank of England and the Federal Reserve also decreased their policy rates by 25 b.p., to 3.5% p.a. and 1% p.a., respectively at their June policy board meetings. In Japan, the policy rate has remained roughly zero since 1999. In the international financial markets, North American and Japanese Treasury bonds fell following the Fed's statement that it is less worried about deflation and that the prospects for the level of activity are better in the second half of the year. The major stock exchanges have been rallying since the end of the war in Iraq, especially the Tokyo stock exchange with improvements in the prospects for the Japanese economy.

Foreign Sector

52. The trade surplus reached US\$2.4 billion in June, accumulating US\$10.4 billion in the first half of 2003 and US\$20.9 billion in the last 12 months. Exports increased 44% year-on-year in June and 31.7% year-on-year in the first half of 2003. Imports increased 3.4% year-on-year in June and 0.6% year-on-year in the first half of 2003. Up to the 3rd week of July (14 working day), the trade surplus reached US\$977 million, with daily averages of exports and imports decreasing 3.1% and 11.8% year-on-year respectively, as a result of a work stoppage at the Federal Tax Revenue Service.
53. Considering daily averages, during the first half of the year exports of basic products rose 55.9%, exports of semi-manufactured products rose 45.5%, and manufactured exports increased 20.9%, all on a year-on-year basis. These increases occurred mainly due to higher export volumes and a wider variety of exported products, demonstrating a higher level of competitiveness and



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diversification in exports. In relation to export markets, accumulated data up to May show exports increasing to all regions. In China, which became the second greatest buyer of Brazilian products, there was an increase of 229.8%. Exports to Argentina increased by 83.2%.

54. Considering daily averages, during the first half of 2003 imports increased 1.6% compared to 2002, mainly due to a 20.7% increase in fuel and oil expenditures and a 7.7% increase in raw material and intermediate goods purchases. Imports of capital goods, durable and non-durable consumer goods decreased 14.7%, 2.1%, 11.2% respectively in the same period.
55. The current account posted a surplus of US\$479 million in June, compared to the US\$1.3 billion deficit in the same month of 2002. The deficit in the services and income accounts reached US\$2.1 billion and unilateral transfers posted a US\$194 million surplus. The 12-month current account surplus reached US\$1.3 billion, or 0.28% of GDP in June. The financial account of the BoP registered a net inflow of FDI totaling US\$186 million and also an inflow of US\$1.25 billion from the sovereign bond issued by the Republic.

Money Market and Open Market Operations

56. The yield curve shifted downwards and became further inverted, particularly at the short end. More favorable inflation readings contributed to this movement. On July 22nd, the spreads of 1-month and 6-month rates were -277 b.p. and -511 b.p. respectively, compared to -90 b.p. and -311 b.p. on June 18th.
57. In July, as a result of a decrease in demand for FX instruments, the BCB rolled over 59.7% of maturing principal of FX securities and swaps through swaps with terms ranging from 5 to 67 months (16 months on average). During the month, placement rates remained roughly stable relative to the previous period.
58. The Treasury offered LTNs four times in July, selling R\$8.9 billion of these securities. The significant demand for these securities and the movement in the domestic yield curve allowed the Treasury to place these securities at lower rates than in the previous period. Five issues of LFTs were also made totaling R\$21.7 billion at the same rate of the previous period.
59. The settlement of securities between June 20th and July 23rd caused a contractionary monetary impact of R\$1.0 billion, as a result of net placement of R\$8.9 billion in LTNs, partially offset by net redemptions of R\$4.9 billion of dollar-indexed securities and R\$1.7 billion in LFTs.
60. The Central Bank intervened in the open market on a weekly basis with 2-week repo operations, and conducted daily liquidity management operations with maturities of 2 working days. These operations withdrew from the banking reserves market excess liquidity of R\$49.0 billion on average.
61. In June, as a result of the appreciation of the real and lower rollover of swaps, the share of domestic securitized public debt linked to the dollar decreased to 29.1% from 30.7%.



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Acronyms

ACSP	São Paulo Trade Association
BNDES	National Bank of Economic and Social Development
b.p.	basis points
CMN	National Monetary Council
CNI	National Confederation of Industry
Fecomércio-SP	São Paulo State's Federation of Commerce
ECB	European Central Bank
Embi+	Emerging market Bond Index Plus
FED	Federal Reserve System
Fipe	Institute of Economic Research Foundation
GDP	Gross Domestic Product
Gerin	Investor Relations Group
IBGE	Brazilian Institute of Geography and Statistics
IGP-DI	General Price Index – Domestic Supply
IGP-M	General Price Index – Market
IIC	Consumer Intentions Index
INCC	National Index of Civil Construction
IPA	Wholesale Price Index
IPA-DI	Wholesale Price Index
IPCA	Broad Consumer Price Index - Brazil
IPCA-15	Broad Consumer Price Index 15 - Brazil
IPC-BR	Consumer Price Index – Brazil
IPC-Fipe	Consumer Price Index - Fipe
LFT	National Treasury Bills (floating)
LTN	National Treasury Bills (fixed rate)
p.a.	per annum
p.p.	percentage point
PME	Monthly Employment Survey
s.a.	seasonally adjusted
Sars	Severe Acute Respiratory Syndrome
VAR	Vector AutoRegressive