Market Dynamics in International Capital Markets for Sovereign Debt
Recent Evolution - Overall Public Debt and External Public Debt

Jan-06

- **Domestic Debt** held by Residents: 84.71%
- **Internal Debt** held by Non Residents: 14.44%
- External Debt: 0.84%
- **USD**: 57.02%
- **Euro**: 19.25%
- **Brades**: 9.53%
- **Yen**: 1.60%
- **Contractual**: 19.25%

Oct-14

- **Domestic Debt** held by Residents: 75.76%
- **Internal Debt** held by Non Residents: 19.39%
- External Debt: 4.85%
- **USD**: 72.34%
- **Euro**: 9.19%
- **Brades**: 13.04%
- **Contractual**: 4.85%

Source: National Treasury.
External Debt Strategy and Results

*External Debt yield curve, outstanding volumes and buyback program (US$ bn)*

Source: National Treasury

Notes: *For the A-Bond (BR 8.00 01/15/2018), the reduction in the outstanding value includes not only the amount repurchased through the Buyback Program but also US$ 184.5 million of amortization. **Global 2040- callable in 2015.*
**Enhancing the external public debt profile ...**

**Impact of the “Cleaning Up” on the Federal Government External Debt**

<table>
<thead>
<tr>
<th>Buyback Program</th>
<th>Face Value (US$ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>6.0</td>
</tr>
<tr>
<td>2007</td>
<td>5.4</td>
</tr>
<tr>
<td>2008</td>
<td>1.2</td>
</tr>
<tr>
<td>2009</td>
<td>1.1</td>
</tr>
<tr>
<td>2010</td>
<td>3.2</td>
</tr>
<tr>
<td>2011</td>
<td>2.3</td>
</tr>
<tr>
<td>2012</td>
<td>1.4</td>
</tr>
<tr>
<td>2013</td>
<td>3.3</td>
</tr>
<tr>
<td>2014</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24.4</strong></td>
</tr>
</tbody>
</table>

1 Captures the impact of the operations on the outstanding public debt.
2 The Program started in 2006. Between 2006 and 2013, US$ 24 billion in securities were repurchased, at face value.
External Debt Market

**Important insights on External Debt Management**

» External Debt Strategy consistent with debt management long term objectives: optimum debt composition defines that external debt (in hard currency) should not be higher than 5% of the overall debt

» Legal aspect: Senate Resolution authorizes the Treasury to operate with flexibility: accountability after issuances

» External Debt Desk guarantees the external markets monitoring on a continuous basis and permits a regular “counterpoint” to banks proposals

» League Table with 14 dealers (being 7 the most effectives):
  » DMO receives weekly from each dealer a report about market conditions and a proposal for issuance
  » Issuance: turnover between banks, based on the league table

» Plain vanilla issuances done in a single day
  » one day before the possible issuance day: conditional mandate to a bank (or banks)
  » issuance day (very early): go-non-go call
  » all procedures done remotely: less bureaucracy, more agility and flexibility

» Book building: issuer has an effective hole in the investor base allocation process

**Result:** qualitative external issues with precise objectives and positive outcomes
For additional information access the National Treasury website:

www.tesouro.fazenda.gov.br

Or contact Institutional Relations area:

brazildebt@fazenda.gov.br

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