

## BRAZILIAN NATIONAL TREASURY ALTERS THE INDICATIVE LIMITS IN THE 2024 ANNUAL BORROWING PLAN

The National Treasury announces the revision of the indicative limits defined in the 2024 Annual Borrowing Plan (2024 ABP) for the composition of the Federal Public Debt (FPD), to be reached by the end of the year, as shown in the table below:

**Table 1 – Indicative limits for the FPD in 2024**

Indicators	2023	2024 original limits		2024 revised limits	
		Minimum	Maximum	Minimum	Maximum
Outstanding volume (R\$ billion)					
FPD	6,520.3	7,000.0	7,400.0	7,000.0	7,400.0
Composition (% FPD)					
Fixed-rate	26.5	24.0	28.0	22.0	26.0
Inflation-linked	29.8	27.0	31.0	25.0	29.0
Floating-rate	39.7	40.0	44.0	43.0	47.0
FX	4.1	3.0	7.0	3.0	7.0
Maturity structure					
% maturing in 12 months	20.1	17.0	21.0	17.0	21.0
Average maturity (years)	4.0	3.8	4.2	3.8	4.2

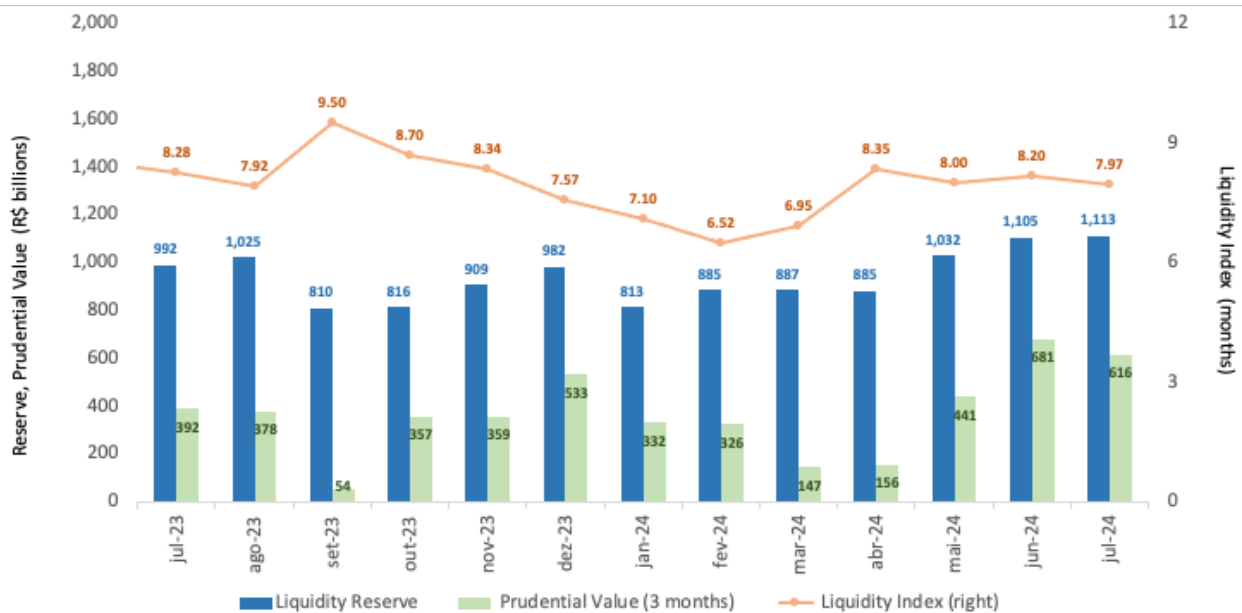
Source: National Treasury.

The new reference limits indicate an increase in the proportion of floating-rate bonds (LFT), while fixed-rate bonds (LTN and NTN-F) and inflation-linked bonds (NTN-B) have been reduced. In the first two four-month periods of 2024, the demand for LFT, Selic-indexed bonds, increased due to uncertainties regarding the U.S. monetary policy. These uncertainties impacted emerging markets, putting pressure on exchange rates and increasing risk aversion. These factors impacted the yield curve and the demand for Treasury bonds, with investors seeking lower-risk assets, such as LFT. Changes in tax legislation and in the behavior of economic agents also affected the market for inflation-linked bonds (NTN-B), which led the Treasury to act more cautiously.

In this context, and considering that the LFT offer benefits in terms of a longer average maturity, the Treasury decided to take advantage of the additional demand and increased the issuance of these bonds compared to what was originally planned in the ABP. This strategy proved to be even more relevant given the reduced space for NTN-B placements, which are longer-term bonds. Additionally, it helped to keep the cash position for debt management (the liquidity cushion) above the prudential level throughout the entire period, as illustrated in Figure 1.

# Debt Report

Figure 1 – Debt liquidity reserve and index



Source: National Treasury.

The new reference limits of the 2024 ABP enable a strategy that is more aligned with market conditions, while also not adding pressure on the pricing of the bonds to be offered during the last four months of the year. In this way, it ultimately contributes to the smooth functioning of the government securities market.

