

Monetary and Credit Statistics

Press Release

July 27, 2023



**BANCO CENTRAL
DO BRASIL**

1. Total credit to the non-financial sector

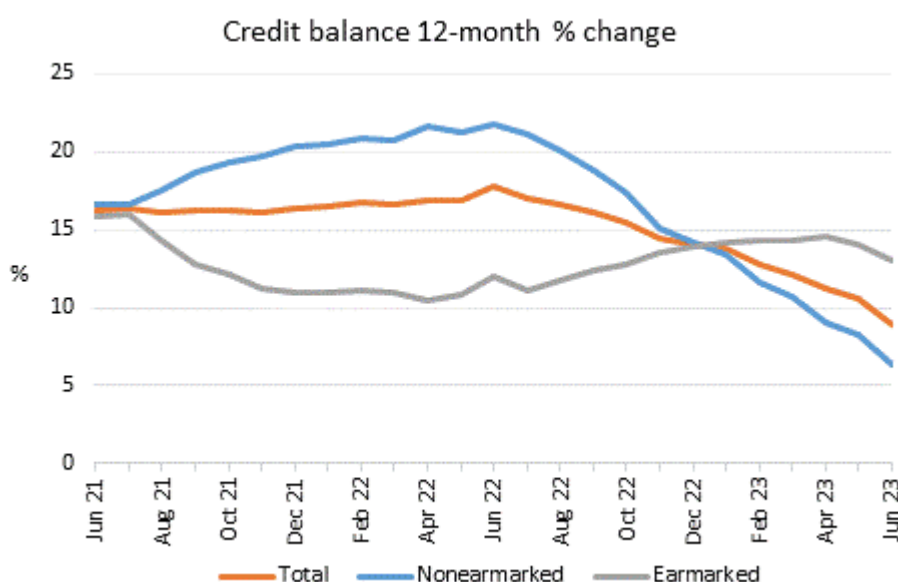
In June, total credit to the non-financial sector reached BRL 15.2 trillion (147.6% of GDP), up 0.8% in the month, mainly driven by an expansion of 3.4% in public debt securities. In the YoY comparison, total credit grew 7.7%, mostly due to expansions in the National Financial System (SFN) credit portfolio, 9.0%, and in debt securities, 9.8%.

Total corporate credit closed at BRL 5.2 trillion (50.5% of GDP), with a reduction of 0.6% in the month, mainly influenced by the 4.7% decline in the external debt, associated with the exchange rate appreciation of 5.4%. Compared with June 2022, the 7.4% expansion in total credit to non-financial corporations mostly reflected the 27.9% increase in debt securities.

Total household credit reached BRL 3.5 trillion (34.2% of GDP) in June, decreasing 0.5% in the month and increasing 12.2% in 12 months, reflecting the expansion in SFN loans.

2. Credit operations within the SFN

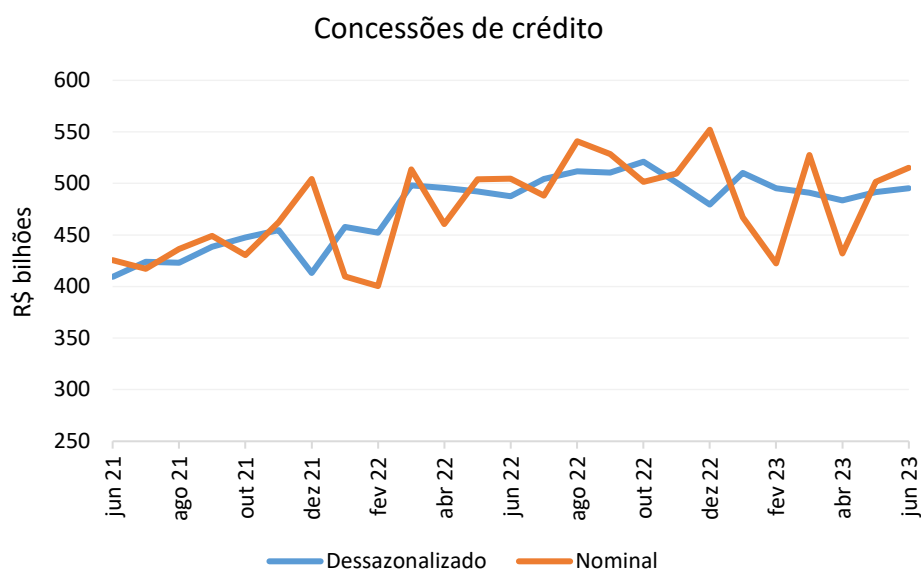
The volume of the SFN total credit reached BRL 5.4 trillion in June, up 0.1% in the month. This result was mainly driven by the 1.0% growth in corporate earmarked credit (BRL 2.1 trillion balance), while household credit dropped by 0.4% in the month (BRL 3.3 trillion balance). In the YoY comparison, total credit rose by 8.9%, decelerating in relation to the expansion of 10.6% observed in May 2023. By segment, the volume of credit to corporations and households also slowed down on the same comparison basis, with respective increases of 3.5% and 12.8%, compared with 4.5% 14.8%.



The volume of non-earmarked corporate operations reached BRL 1.4 trillion in June, up 1.4% in the month and 1.1% in 12 months. The highlights were the monthly growth in the portfolios of discount of trade bills (9.2%), as a result of seasonal factors, other non-earmarked credits (7.9%), and advances on foreign exchange contracts (2.0%).

Non-earmarked household operations totaled BRL 1.8 trillion in June, down 1.3% in the month and up 10.6% in 12 months. This monthly reduction was quite widespread across modalities, with emphasis on non-payroll-deducted personal credit (-2.8%), credit cards (-1.1%), and payroll-deducted credit to INSS retirees and pensioners (-1.9%).

Earmarked credit operations rose 0.5% in the month and 13.0% in 12 months, reaching BRL 2.2 trillion in June. This performance reflected expansions in the corporate segment (0.1% and 8.1%) and in the household segment (0.7% and 15.7%).



Total credit granting reached BRL 515.3 billion in June. In the seasonally adjusted series, total credit granting increased by 0.8%, with expansions of 3.0% in corporate credit and 0.4% in household credit. In 12 months up to June, nominal credit granting rose by 9.0%, with increases of 4.9% in corporate credit and 12.5% in household credit. The daily credit granting in June grew by 7.7%.

The average interest rate on new credit operations in June fell by 0.8 p.p. in the month and rose by 3.4 p.p. compared with the same period of 2022, reaching 31.7% p.a.. The banking spread on new operations totaled 22.0 p.p., down 0.2 p.p. in the month and up 4.1 p.p. in 12 months.

Non earmarked credit resources

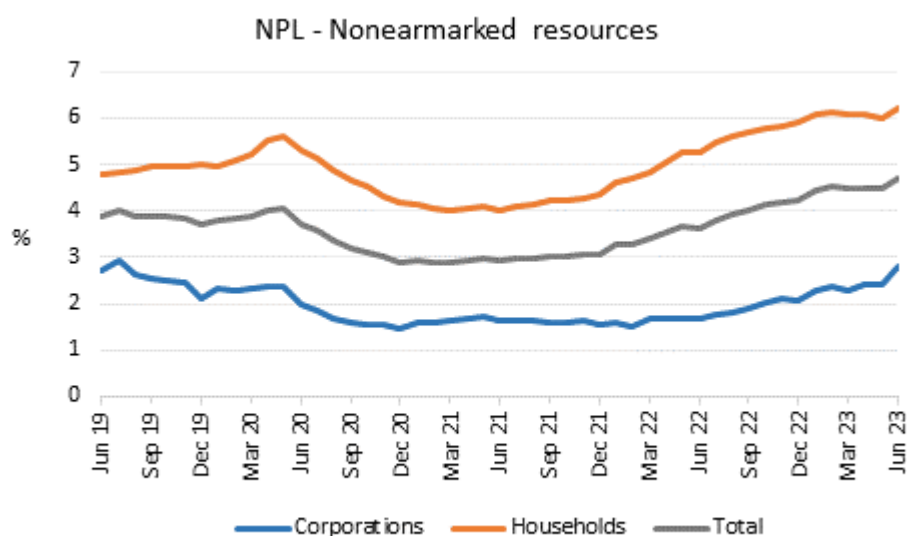
	Interest rates (% p.y.)		Monthly change (%)		
	May 23	Jun 23	Interest effect	Composition effect	Interest rate
Households	59.9	59.1	-0.9	0.1	-0.8
Corporations	23.8	23.1	-0.7	0.0	-0.7
Total	45.4	44.6	-0.9	0.1	-0.8

In non-earmarked credit, the average interest rate reached 44.6% p.a. in June 2023, down 0.8 p.p. in the month and up 5.6 p.p. in 12 months. By segment, the average interest rates on corporate and household operations showed a similar behavior, with respective monthly reductions of 0.7 p.p. and 0.8 p.p. and YoY expansions of 0.5 p.p. and 7.6 p.p. to 23.1% p.a. and 59.1% p.a., respectively. In both segments, the decline was mainly driven by effective reductions in the lending rates (rate effect), with a smaller contribution from portfolio variations (balance effect).

The Average Cost of Outstanding Loans (ICC), which measures the cost of the entire SFN portfolio, reached 22.5% p.a., stable in the month and up 2.1 p.p. in 12 months.

The 90 days past due loans in the SFN's credit portfolio reached 3.6%, stable in the month and increasing 0.9 p.p. in 12 months. By segment, 90 days past due loans remained stable in the month at 2.5% in

corporate operations and dropped 0.1 p.p. to 4.2% in household operations. In twelve months, these indicators rose by 1.1 p.p. and 0.7 p.p., respectively.



In non-earmarked credit, 90 days past due loans reached 4.9% in June, stable in the month and up 1.3 p.p. in 12 months. In corporate non-earmarked credit, this indicator reached 3.1%, with expansions of 0.1 p.p. in the month and 1.4 p.p. compared with June 2022. On these bases of comparison, 90 days past due loans on household non-earmarked credit remained stable in the month and rose by 1.1 p.p. in 12 months to 6.3%.

Household debt with the SFN reached 48.8% in May, up 0.2 p.p. in the month and down 1.0 p.p. in 12 months. In the same comparison bases, the household debt-to-service ratio remained at the same level of April and grew 1.9 p.p. in 12 months to 28.1%.

3. Monetary aggregates

The monetary base totaled BRL 403.1 billion in June, up 1.7% in the month and down 1% in 12 months. In June, the volume of currency in circulation decreased 2.1% and bank reserves fell by 0.3%.

Among the monthly flows of factors conditioning the monetary base, the following operations had an expansionary impact: with the National Treasury, BRL 36.6 billion; with the external sector, BRL 6.3 billion; with the Rediscount and Liquidity Lines, BRL 46 million; and with federal public securities, BRL 12.0 billion (net placements of BRL 143.0 billion in the primary market and net purchases of BRL 155.0 billion in the secondary market). The following operations had a contractionary impact: derivatives, -BRL 20.5 billion; financial institutions deposits, -BRL 13.6 billion (inflow of funds from savings accounts, -BRL 19.6 billion; funds from time deposits, -BRL 3.0 billion; funds not invested in microfinance operations, -BRL 12.0 million; receipts of deposit for clearing checks and other papers, -BRL 106 million; release of voluntary time deposits, +BRL 2.6 billion; release of Proagro funds, +BRL 1.0 billion; and release of cash guarantee deposits earmarked to the Financial Liquidity Lines – LFL, +BRL 5.5 billion).

M1 reached BRL 588.5 billion, up 1.8% in the month, as a result of respective increases of 2.9% and 0.9% in currency held by the public and demand deposits. Considering seasonally adjusted data, M1 dropped 0.6% in the month.

M2 grew 1.7% in June to BRL 5.4 trillion, reflecting the 2.1% increase in the balance of securities issued by financial institutions to BRL 3.9 trillion, due to the expansions of 2.0% in the balance of credit bills (LCA and LCI) to BRL 714 billion and of 2.4% in time deposits to BRL 2.6 trillion. In June, for the first time in the year, savings accounts registered net inflows of BRL 2.6 billion, reaching BRL 967 billion (+0.4%). Net inflows of time deposits totaled BRL 33.3 billion. M3 grew 2.0% to BRL 10.2 trillion, as a result of increases in M2 and in money market fund shares to BRL 4.6 trillion (+2.2%). M4 reached BRL 11.2 trillion, increasing 0.7% in the month and 10.4% in 12 months.