

ECONOMIC REPORT

Year 11 | Volume n° 97 | 2023 Q1

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Data as good as of 31/03/2023.

Index

1. Market scenario (p.4)

2. Regulated markets (p.6)

2.1 Number of participants (p.6)

2.2 Regulated markets (p.7)

2.3 Public companies (p.9)

2.4 Investment funds (p.10)

2.5 Derivatives (p.11)

3. Primary markets (p.12)

3.1 Annual totals by rule (p.12)

3.2 Accumulated totals by rule (p.15)

3.3 Annual totals by instrument (p.18)

3.4 Totals by rule and instrument (p.20)

4. Secondary markets (p.22)

4.1 Spot (p.22)

4.2 Derivatives (p.24)

5. Asset returns (p.26)

6. Risk map (p.28)

7. Macroeconomic risk (p.30)

8. Market risk (p.31)

8.1 MSCI equity risks (p.31)

8.2 Bond indexes (p.32)

8.3 National fixed income indexes (p.33)

8.4 National variable income indexes (p.34)

9. Risk appetite (p.35)

9.1 Adjusted forward PE ratio (p.35)

9.2 Spreads vs UST (p.36)

10. Liquidity risk (p.37)

10.1 Bid-ask spread index (p.37)

10.2 Net foreign investor inflows (p.38)

11. Credit risk (p.39)

Methodology (p.40)

The background features a dark teal color with faint, semi-transparent charts and data points. On the left, there are several diamond-shaped outlines. In the upper right, a bar chart shows values of 90, 87, 88, and 91. In the lower right, a pie chart is partially visible with a 19% segment labeled. The main text is positioned on the left side of the slide.

MARKET SCENARIO

1. Market scenario - Highlights

- In 2023, under the realm of CVM Rule nº 160, a total of R\$ 114.7 bi in securities were issued (3.1.4), related to 767 offerings. Despite the shortcomings to obtain a direct comparison between the different regulatory frameworks (see Methodology), one is able to sustain that quarterly accumulated quantity of offers is above last year (3.2.2), with values somewhat close. In this context, we point out that 65% of total value issued this year were done so using the new regulatory framework (3.2.1).
- Despite the fact that the total value issued in 2023 Q1 was below 2022 Q4 (R\$ 114.6 bi versus R\$ 147.9 bi), there was a noticeable growth in private equity fund issuance (R\$ 20.3 bi), those already equivalent to 67% of 2022 total amount.
- The registered set of participants (2.1) increased by 1.9% when compared to the end of 2022, encompassing a total of 82.026 participants. Within the subset with a count higher than 100 participants, the highlight still remains being the growth rate of the group that includes consultants, analysts and independent investment agents.
- The estimated total value of the regulated market (2.2.1) was R\$35.48 tri, about 26% higher than that observed in the previous year (R\$ 28.02 tri). Such difference can be specially explained by the derivatives markets, those always more susceptible to large variations(2.5). Excluding this category, our statistic would have decreased by 1.9%, attributable to the decline in the total market capitalization of the stock market (2.3).
- The financial volume in the second market for stocks (standard lot) and REITs ended below the previous year's daily average, while the debenture market remained high (4.1.1, 4.1.2 and 4.1.3). Finally, we highlight that the accumulated quantity of traded derivative contracts (4.2.2) ended above the same period of the previous year for CDI futures contracts.

2. Regulated markets

* Estimates. Securitization companies had their records segregated from other companies in 2022. There are entities holding more than one register (double counting).

2.1. Number of participants*	2018	2019	2020	2021	2022	2023
Registered Non-Resident Investors	19.293	18.244	18.705	19.220	19.282	19.327
Registered Investment Funds	17.718	19.427	22.295	26.445	29.072	29.386
Registered Asset Managers	3.452	3.560	3.786	4.185	4.557	4.648
Legal persons	2.512	2.603	2.774	3.036	3.294	3.360
Firms	940	957	1.012	1.149	1.263	1.288
Registered Research Analysts	662	698	923	1.269	1.412	1.433
Legal persons	615	629	840	1.161	1.283	1.302
Firms	47	69	83	108	129	131
Registered Investment Consultants	659	694	790	1.018	1.329	1.424
Legal persons	498	547	632	815	1.076	1.161
Firms	161	147	158	203	253	263
Registered Brokerage Firms (trading)	74	74	69	70	63	63
Registered Brokerage Firms (distribution)	101	100	102	106	101	101
Registered Brokers (sum)	7.778	10.798	13.881	18.141	23.294	24.160
Legal persons	6.619	9.608	12.275	16.969	22.033	22.889
Firms	1.159	1.190	1.156	1.172	1.261	1.271
Registered Custodians	139	146	146	156	155	157
Registered Bookkeepers	59	61	63	72	74	75
Registered Organized Market Administrators	1	1	3	3	4	4
Registered CSDs	1	1	1	2	2	2
Registered Crowdfunding Platforms	14	26	32	54	57	59
Registered public, foreign and subsidized companies (active)	666	656	675	765	745	746
Securitization companies	-	-	-	-	79	79
Registered Independent Auditors	375	528	354	346	349	355
Registered Rating Agencies	7	7	6	6	7	7
TOTAL	50.999	55.021	61.831	71.858	80.492	82.026

Source: CVM, APIMEC

2. Regulated markets

2.2.1. Total regulated markets (US\$ tri)*

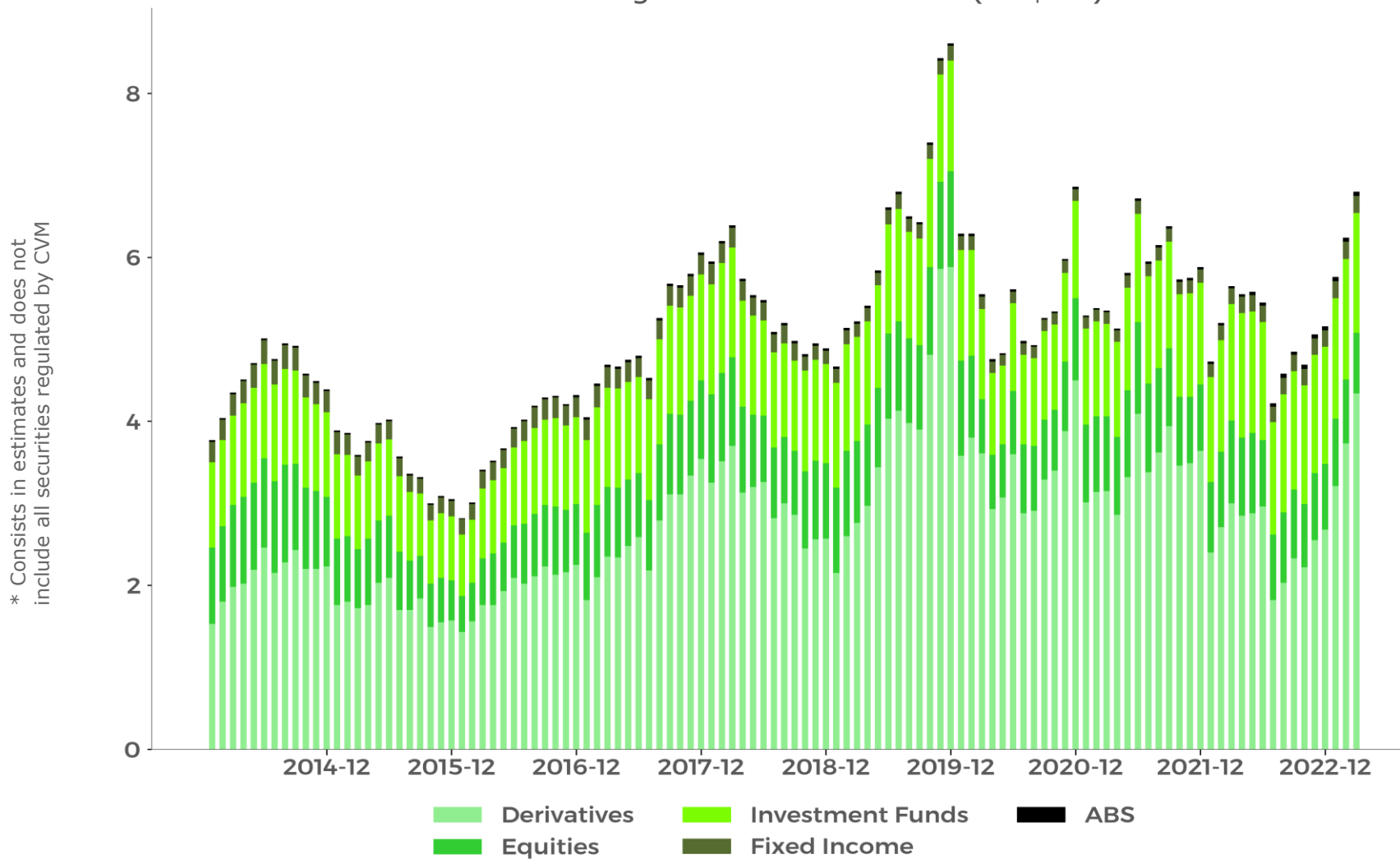
CATEGORY	ASSET	2018	2019	2020	2021	2022	2023
Fixed Income	Corporate Bonds	0.15	0.17	0.13	0.15	0.19	0.20
	Commercial Paper	0.01	0.01	0.01	0.01	0.01	0.01
Securitization	MBS	0.02	0.02	0.02	0.02	0.03	0.03
	Agrobusiness	0.01	0.01	0.01	0.01	0.02	0.02
Variable Income	Equities – Market Cap	0.92	1.17	1.00	0.81	0.80	0.74
Derivatives	Notional outstanding	2.56	5.88	4.50	3.63	2.67	4.33
	Structured Notes	0.01	0.00	0.00	0.01	0.01	0.01
Investment Funds	Rule-555	1.08	1.18	1.03	1.04	1.18	1.21
	Structured Funds	0.13	0.17	0.16	0.20	0.25	0.25
TOTAL		4.89	8.61	6.86	5.88	5.16	6.80

* Consists in estimates and does not include all securities regulated by CVM. For prior years it represents end of year data.

Source: CVM and Organized Market Administrators

2. Regulated markets

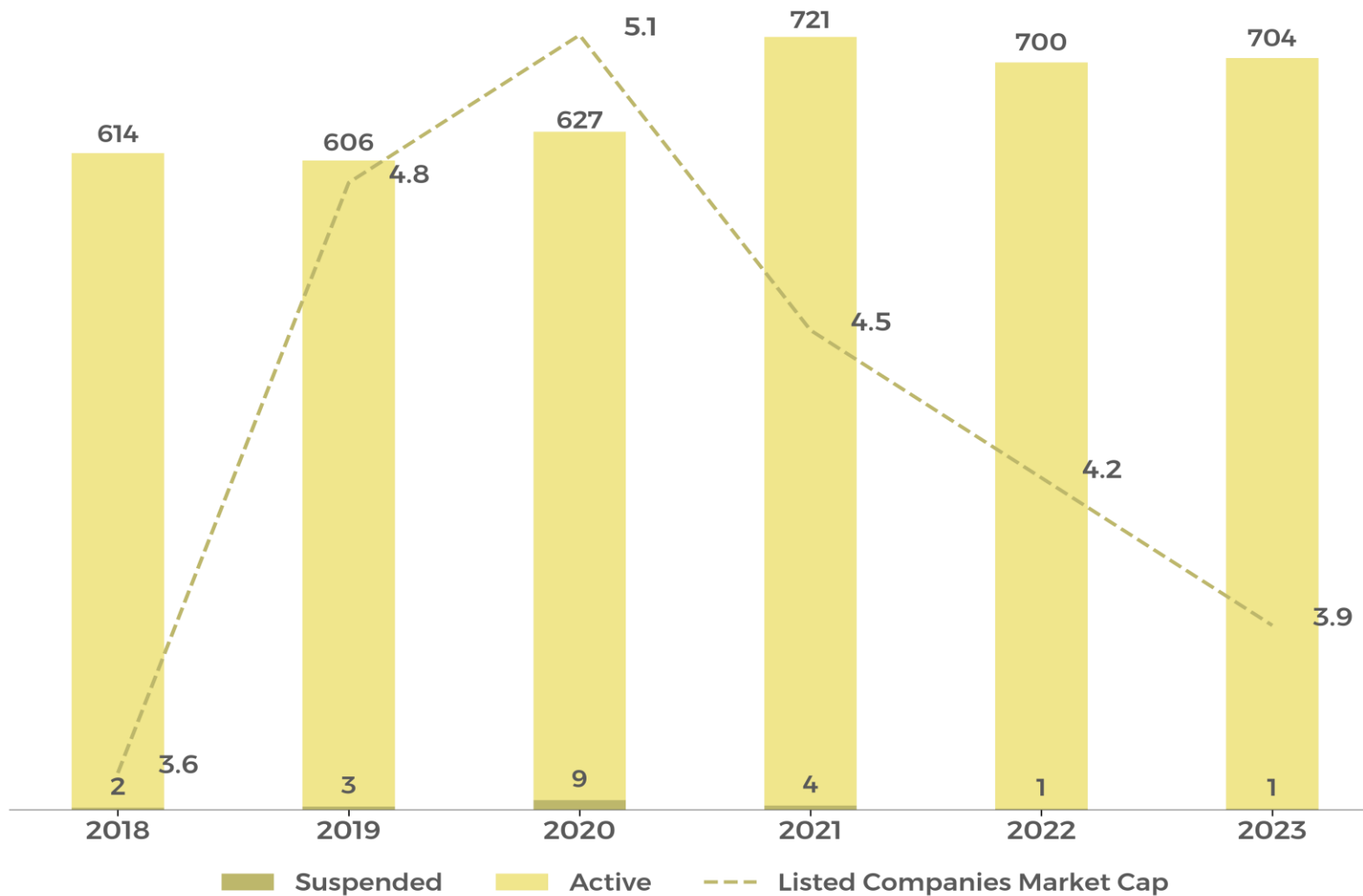
2.2.2. Regulated market value (US\$ tri)*



Source: CVM and Organized Market Administrators

2. Regulated markets

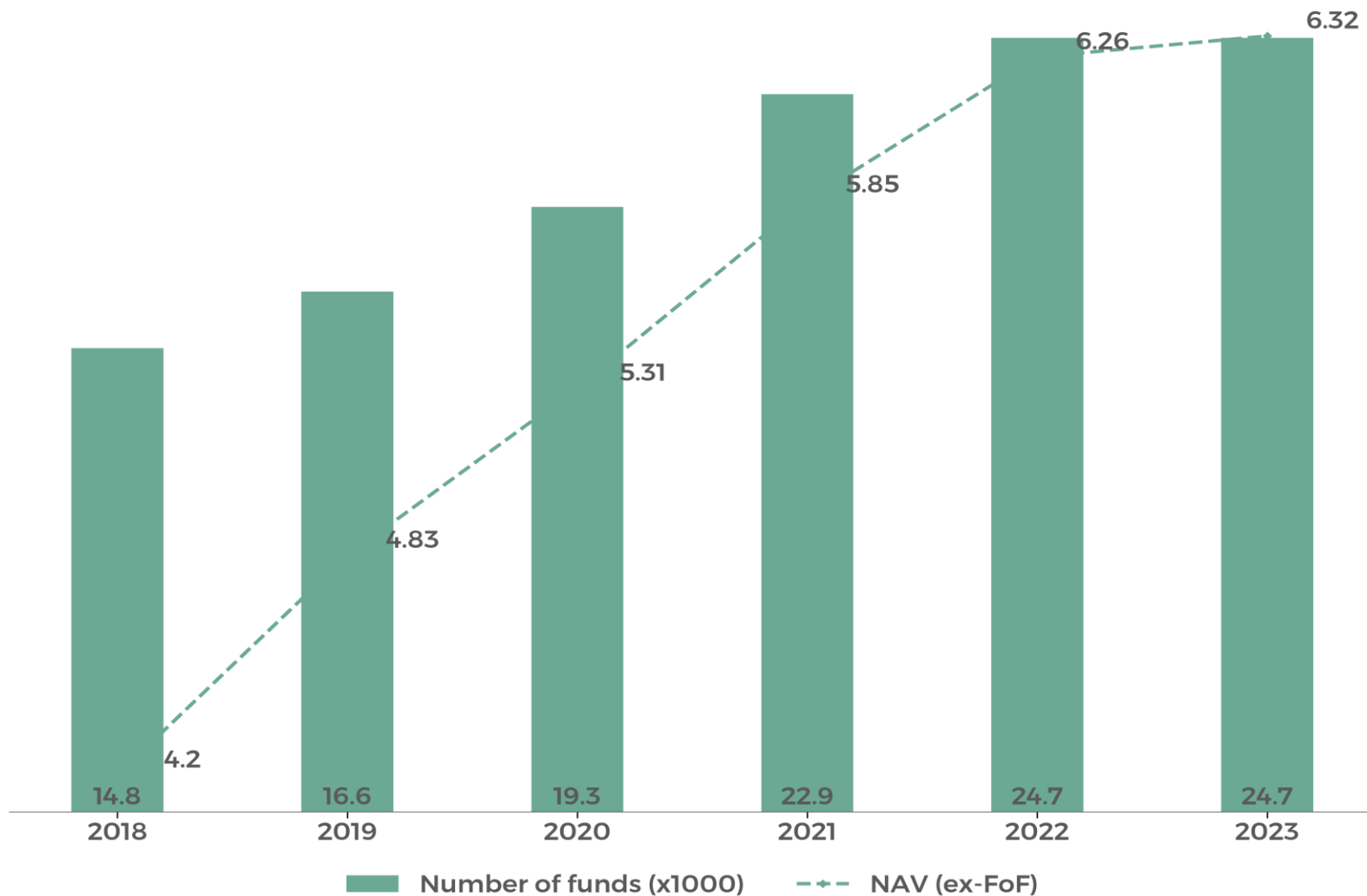
2.3. Registered companies and listed companies market cap (R\$ tri)



Source: CVM, B3

2. Regulated markets

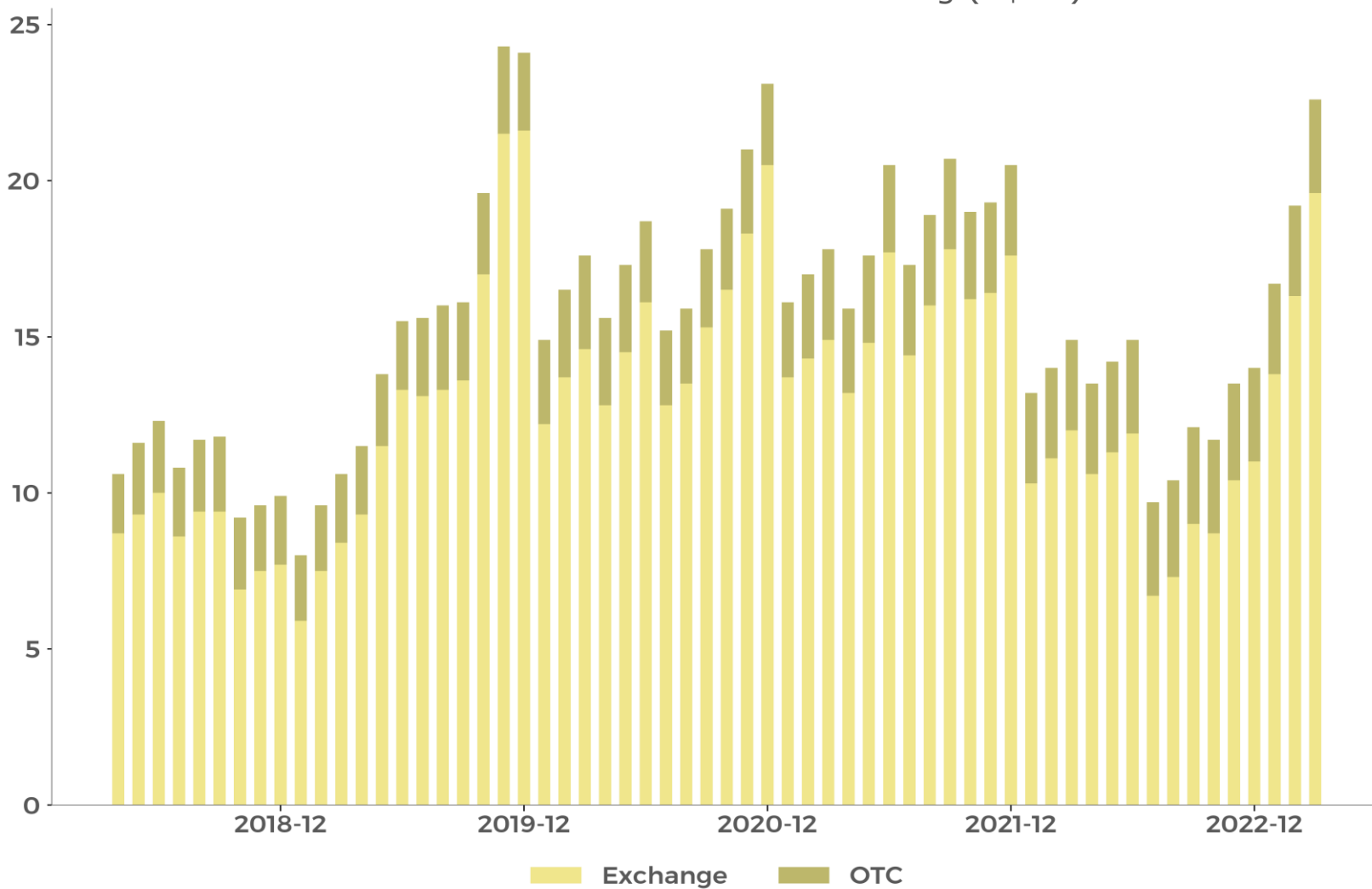
2.4. ICVM 555 Funds (ex-FoF) – quantity and NAV (R\$ tri)



Source: CVM

2. Regulated markets

2.5. Derivatives – notional outstanding (R\$ tri)



Source: Organized Markets Administrators

3. Primary markets

3.1. Annual totals by rule – before Rule CVM n° 160/22

* Consists in estimates and does not include all securities regulated by CVM. Includes stocks+DR, MBS, Agrobusiness ABS, CDOs, REITs, Private Equity, CP, bank bonds and corporate bonds (ex-leasing). ICVM 476 offers exclude ongoing efforts. ICVM 400 exclude single indivisible batch exemptions.

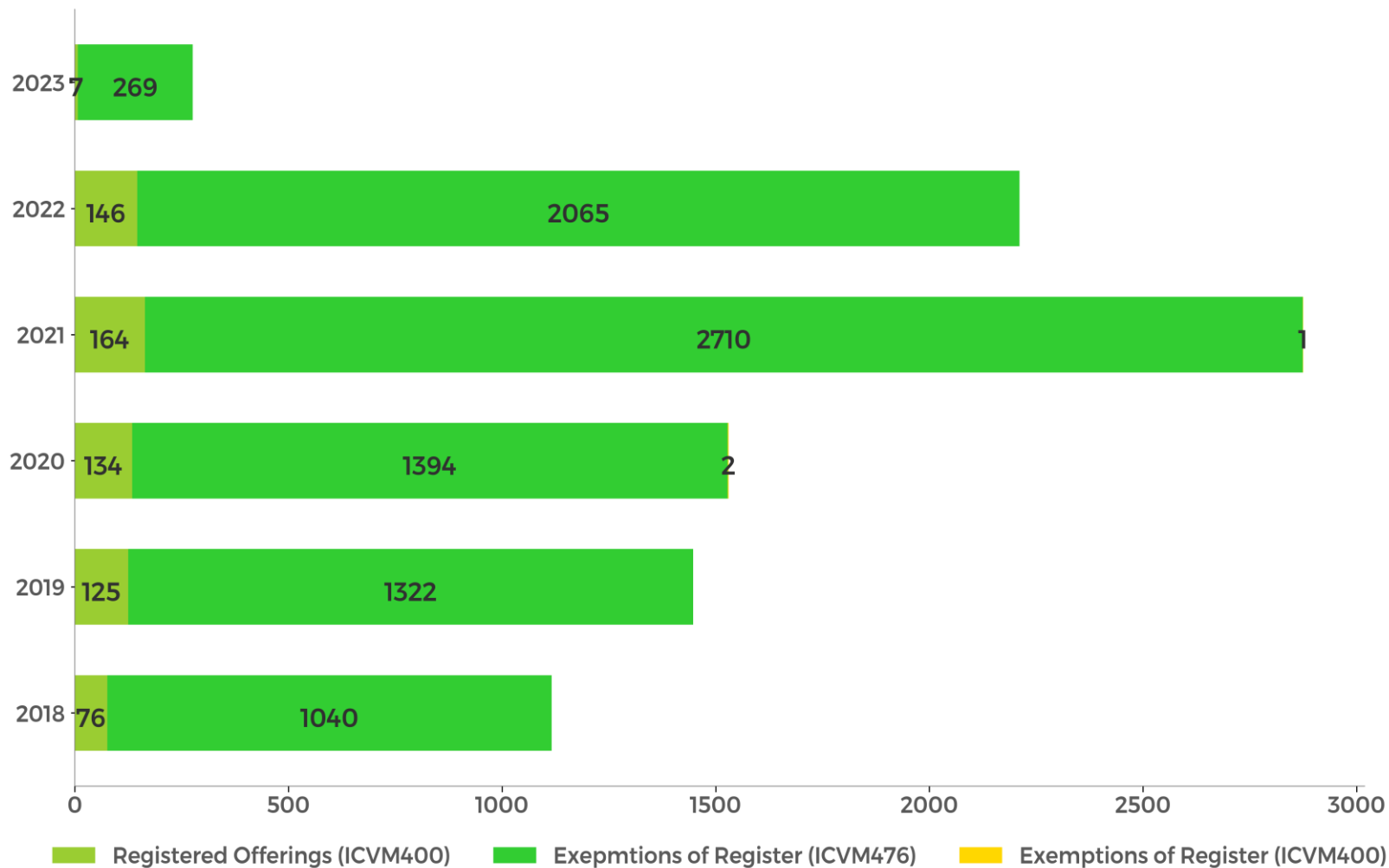
3.1.1. Annual totals (quantity and value)*	2018		2019		2020		2021		2022		2023	
	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi
ICVM 400	76	33.5	125	89.5	134	120.1	164	129.0	146	107.7	7	6.2
ICVM 400 (exemptions)	-	-	-	-	2	5.0	1	0.1	-	-	-	-
ICVM 476	1.040	253.9	1.322	386.4	1.394	318.4	2.710	608.2	2.065	467.2	269	33.7
TOTAL	1.116	287.4	1.447	475.9	1.530	443.5	2.875	737.3	2.211	574.9	276	39.9

Source: CVM

3. Primary markets

3.1. Annual totals by rule – before Rule CVM n° 160/22

3.1.2. Total YTD offerings, by rule – quantity*

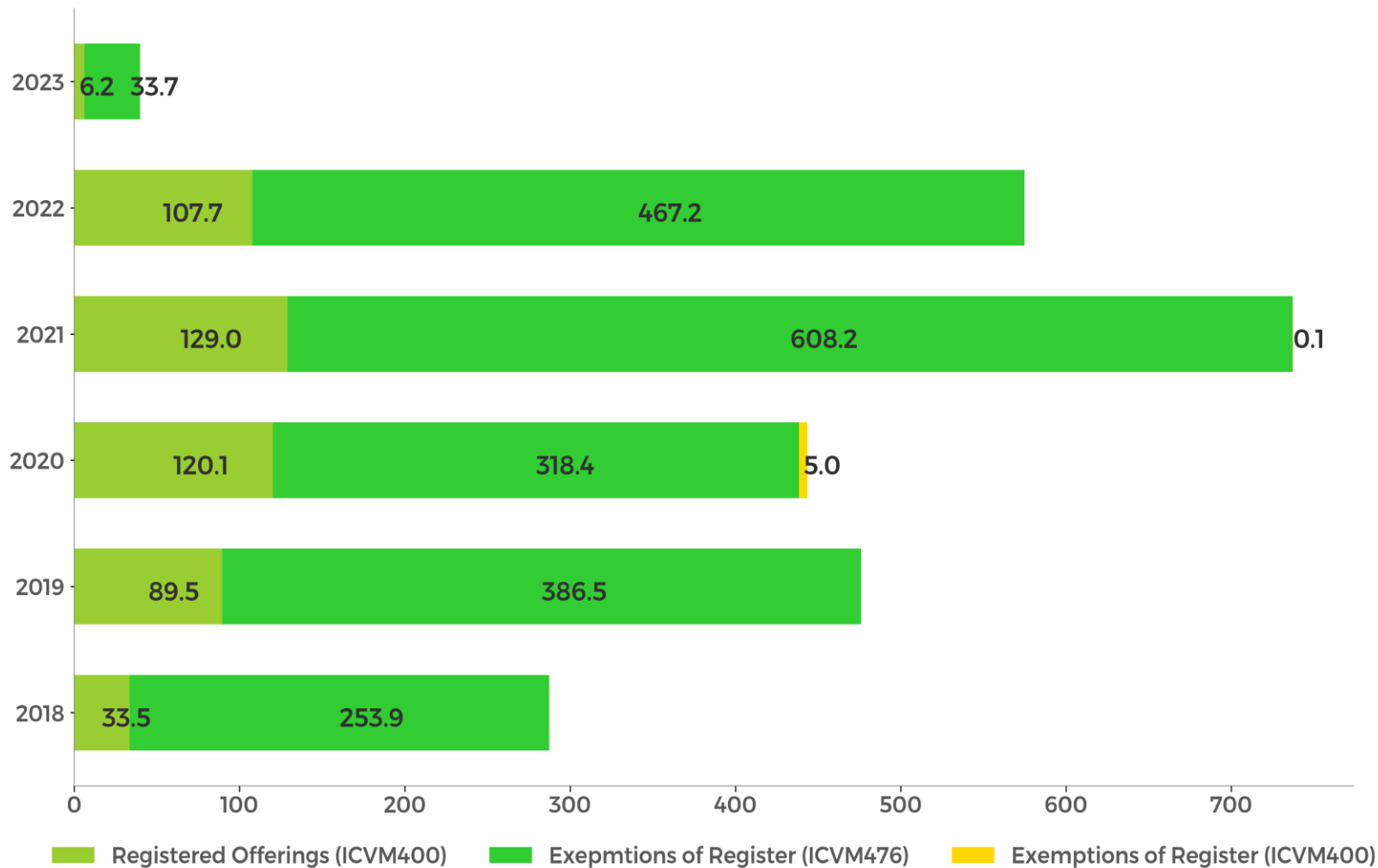


* Consists in estimates and does not include all securities regulated by CVM. Includes stocks+DR, MBS, Agrobusiness ABS, CDOs, REITs, Private Equity, CP, bank bonds and corporate bonds (ex-leasing). ICVM 476 offers exclude ongoing efforts.

3. Primary markets

3.1. Annual totals by rule – before Rule CVM n° 160/22

3.1.3. Total YTD offerings, by rule – (values in R\$ bi)*



* Consists in estimates and does not include all securities regulated by CVM. Includes stocks+DR, MBS, Agrobusiness ABS, CDOs, REITs, Private Equity, CP, bank bonds and corporate bonds (ex-leasing). ICVM 476 offers exclude ongoing efforts.

3. Primary markets

3.1. Accumulated totals by rule – with Rule CVM n° 160/22

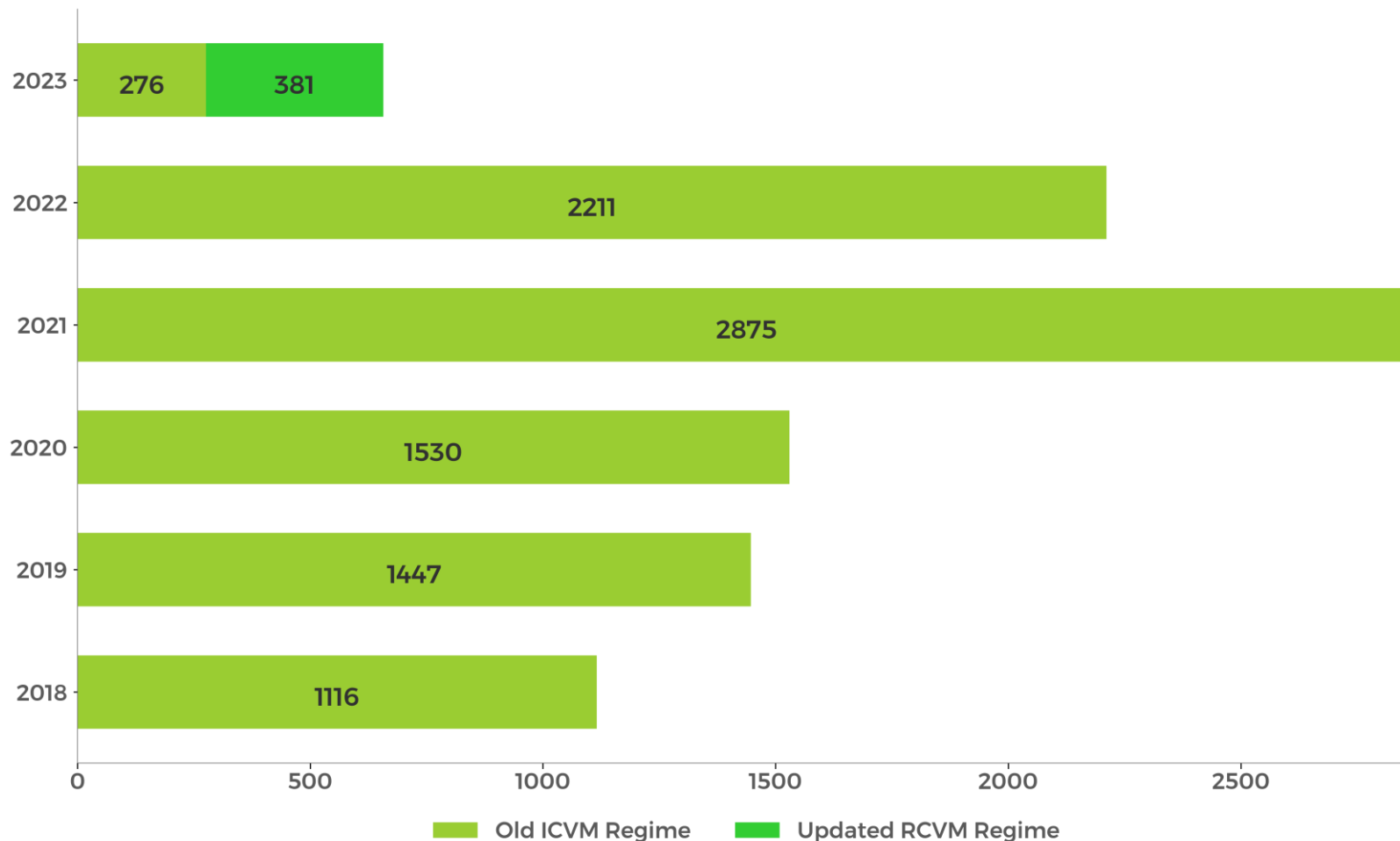
3.1.4. Annual totals (quantity and value)*	2018		2019		2020		2021		2022		2023	
	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi
"Old" (ICVM 400 + ICVM 476 + Exemptions)	1.116	287.4	1447	475.9	1.530	443.5	2875	737.3	2.211	574.9	276	39.9
RCVM 160 (automatic)	-	-	-	-	-	-	-	-	-	-	381	74.8
RCVM 160 (ordinary)	-	-	-	-	-	-	-	-	-	-	-	-
RCVM 88 ("crowdfunding")	-	-	86	0.01	96	0.14	76	0.13	131	0.27	22	0.04
TOTAL	1.116	287.4	1533	475.9	1.616	443.6	2973	737.4	2.285	575.0	767	114.7

* Consists in estimates and does not include all securities regulated by CVM. Includes stocks+DR, MBS, Agrobusiness ABS, CDOs, REITs, Private Equity, CP, bank bonds and corporate bonds (ex-leasing). ICVM 476 offers exclude ongoing efforts. Does not include "unique lot" exemptions.

3. Primary markets

3.1. Annual totals by rule – with Rule CVM n° 160/22

3.1.5. Total YTD offerings, by rule – quantity*



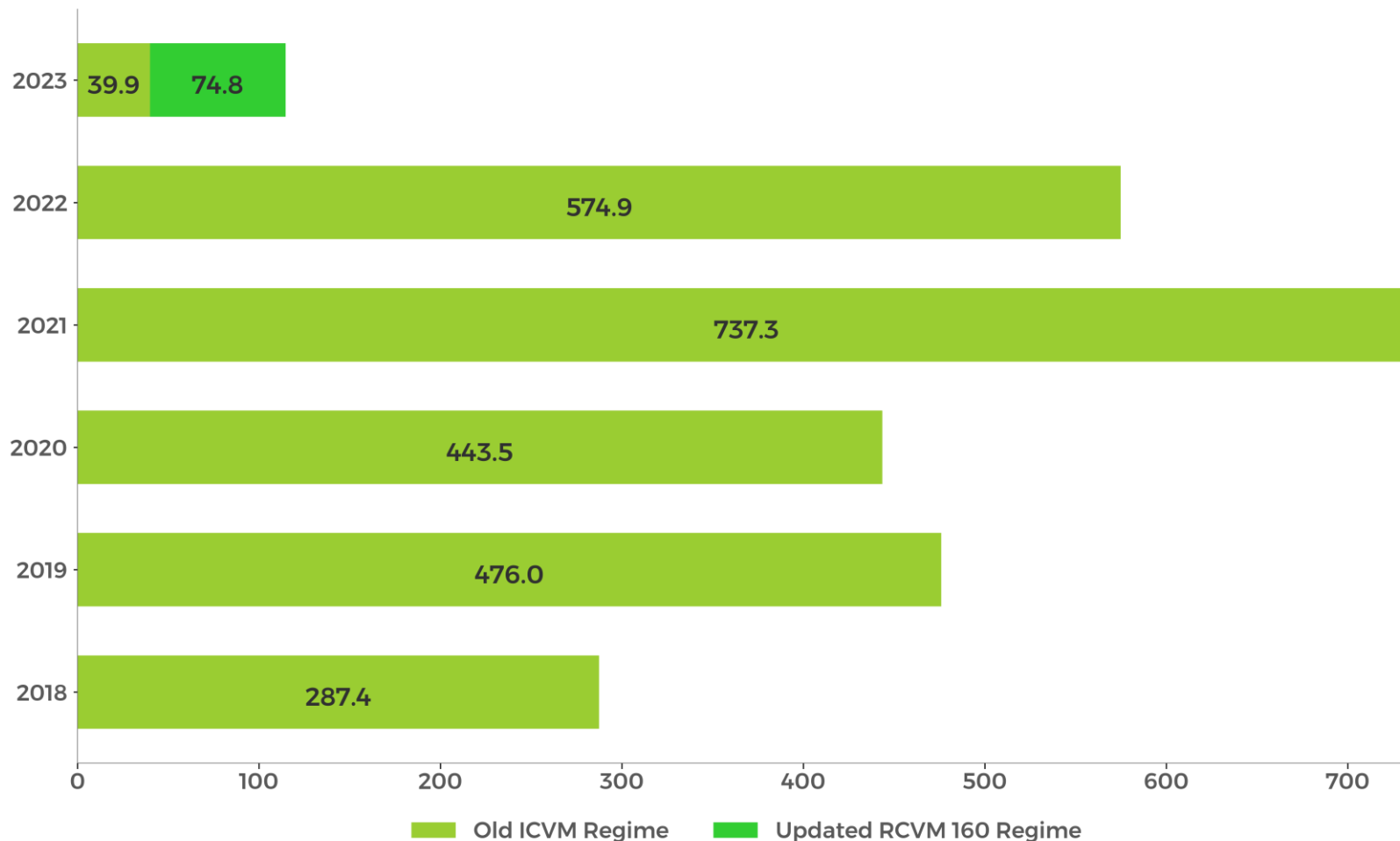
* Consists in estimates and does not include all securities regulated by CVM. Includes stocks+DR, MBS, Agrobusiness ABS, CDOs, REITs, Private Equity, CP, bank bonds and corporate bonds (ex-leasing). ICVM 476 offers exclude ongoing efforts.

Source: CVM

3. Primary markets

3.1. Annual totals by rule – with Rule CVM n° 160/22

3.1.6. Total YTD offerings, by rule – (values in R\$ bi)*



* Consists in estimates and does not include all securities regulated by CVM. Includes stocks+DR, MBS, Agrobusiness ABS, CDOs, REITs, Private Equity, CP, bank bonds and corporate bonds (ex-leasing). ICVM 476 offers exclude ongoing efforts.

Source: CVM

3. Primary markets

3.2. Accumulated totals by rule – with Rule CVM n° 160/22

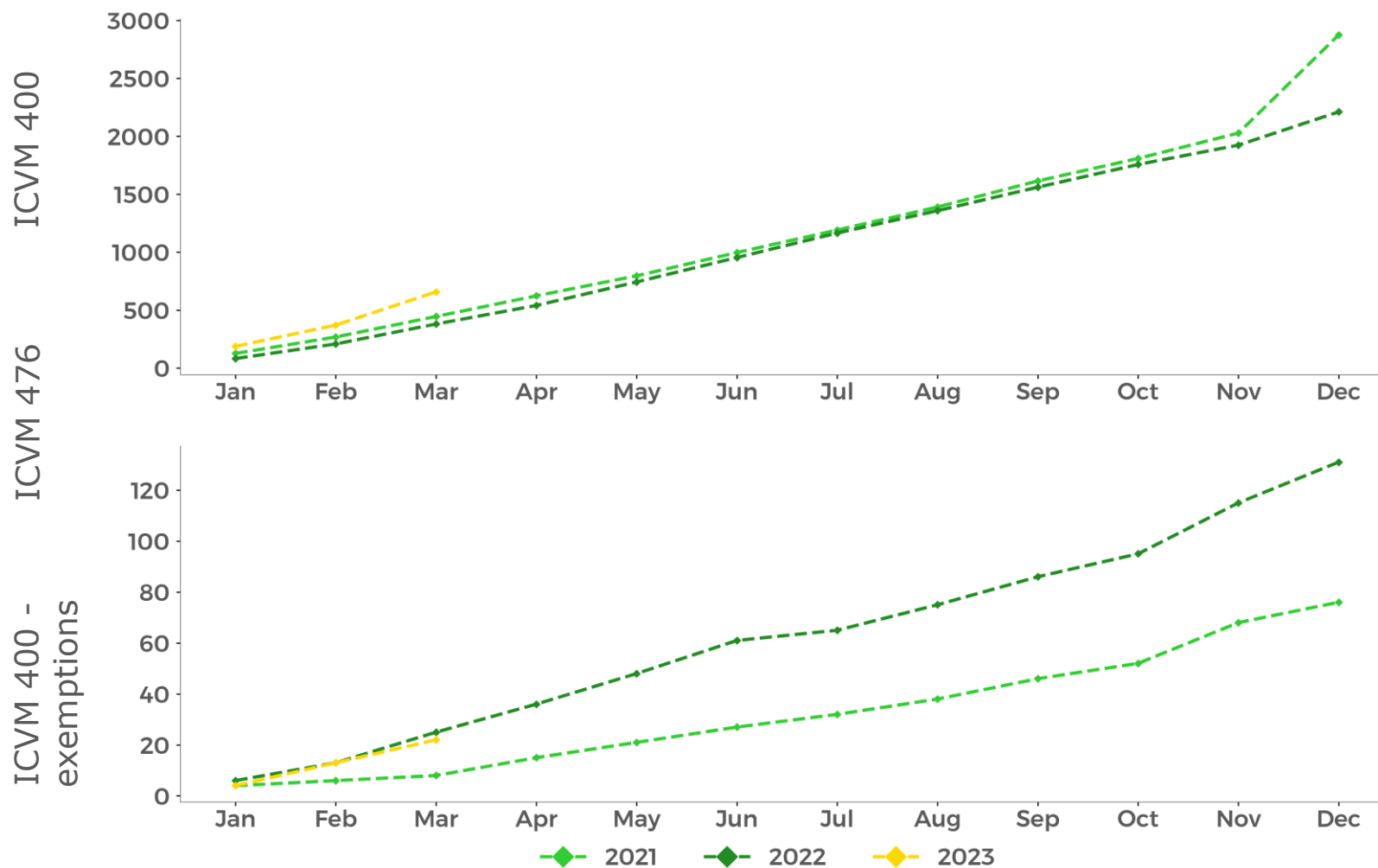
3.2.1. Quarterly cumulative totals (quantity and value)*	2018		2019		2020		2021		2022		2023	
	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi
"Old" (ICVM 400 + ICVM 476 + Exemptions)	227	48.3	249	71.3	345	99.9	445	113.8	380	104.5	276	39.9
RCVM 160 (automatic)	-	-	-	-	-	-	-	-	-	-	381	74.8
RCVM 160 (ordinary)	-	-	-	-	-	-	-	-	-	-	-	-
RCVM 88 ("crowdfunding")	-	-	11	0.01	32	0.03	8	0.01	25	0.06	22	0.04
TOTAL	227	48.3	260	71.3	377	99.9	453	113.8	405	104.6	767	114.7

* Consists in estimates and does not include all securities regulated by CVM. Includes stocks+DR, MBS, Agrobusiness ABS, CDOs, REITs, Private Equity, CP, bank bonds and corporate bonds (ex-leasing). ICVM 476 offers exclude ongoing efforts. Does not include "unique lot" exemptions.

3. Primary markets

3.2. Accumulated totals by rule – with Rule CVM n° 160/22

3.2.2. Accumulated totals for the current month, by rule (quantity)

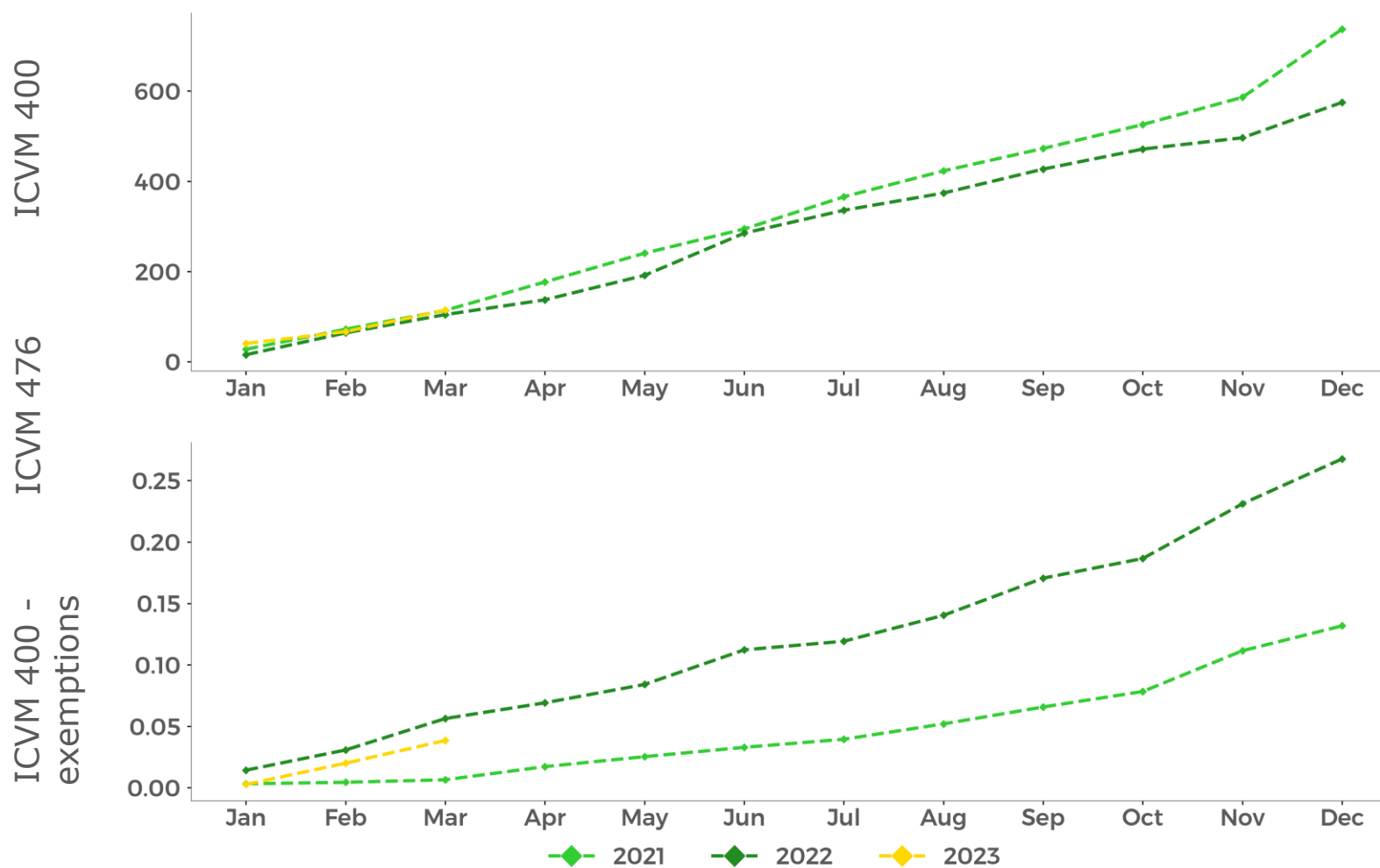


Source: CVM

3. Primary markets

3.2. Accumulated totals by rule – with Rule CVM n° 160/22

3.2.3. Accumulated totals for the current month, by rule (values in R\$ bi)



Source: CVM

3. Primary markets

3.3. Annual totals by instrument

3.3.2. Quarterly cumulative totals (quantity and values)*	2018		2019		2020		2021		2022		2023	
INSTRUMENT	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	Qty	R\$ bi
Equities	-	-	3	5.1	9	31.2	21	32.9	8	11.3	1	4.1
Corporate Bonds	77	30.8	58	28.1	67	16.1	75	28.8	88	53.6	88	44.3
Bank Bonds	1	0.5	7	4.6	-	-	-	-	-	-	-	-
Commercial Paper	12	2.5	16	5.3	16	3.3	6	1.2	39	12.2	25	3.3
MBS	22	1.7	29	2.5	52	4.8	82	4.9	64	5.2	110	7.8
Agribusiness ABS	6	0.6	11	2.2	8	0.8	16	3.0	32	6.9	44	6.7
CDOs	35	1.9	51	6.9	70	17.1	87	15.9	77	7.8	231	13.0
REITs	21	3.6	31	7.4	61	13.2	74	14.4	38	4.6	83	15.2
Private Equity	53	6.8	43	9.3	62	13.4	84	12.8	34	2.7	75	20.3
TOTAL	227	48.3	249	71.3	345	99.9	445	113.8	380	104.5	657	114.6

* Consists in estimates and does not include all securities regulated by CVM. Includes stocks+DR, MBS, Agrobusiness ABS, CDOs, REITs, Private Equity, CP, bank bonds and corporate bonds (ex-leasing). ICVM 476 offers exclude ongoing efforts.

Source: CVM

3. Primary markets

3.3. Annual totals by instrument

* Consists in estimates and does not include all securities regulated by CVM. Includes stocks+DR, MBS, Agribusiness ABS, CDOs, REITs, Private Equity, CP, bank bonds and corporate bonds (ex-leasing). ICVM 476 offers exclude ongoing efforts.

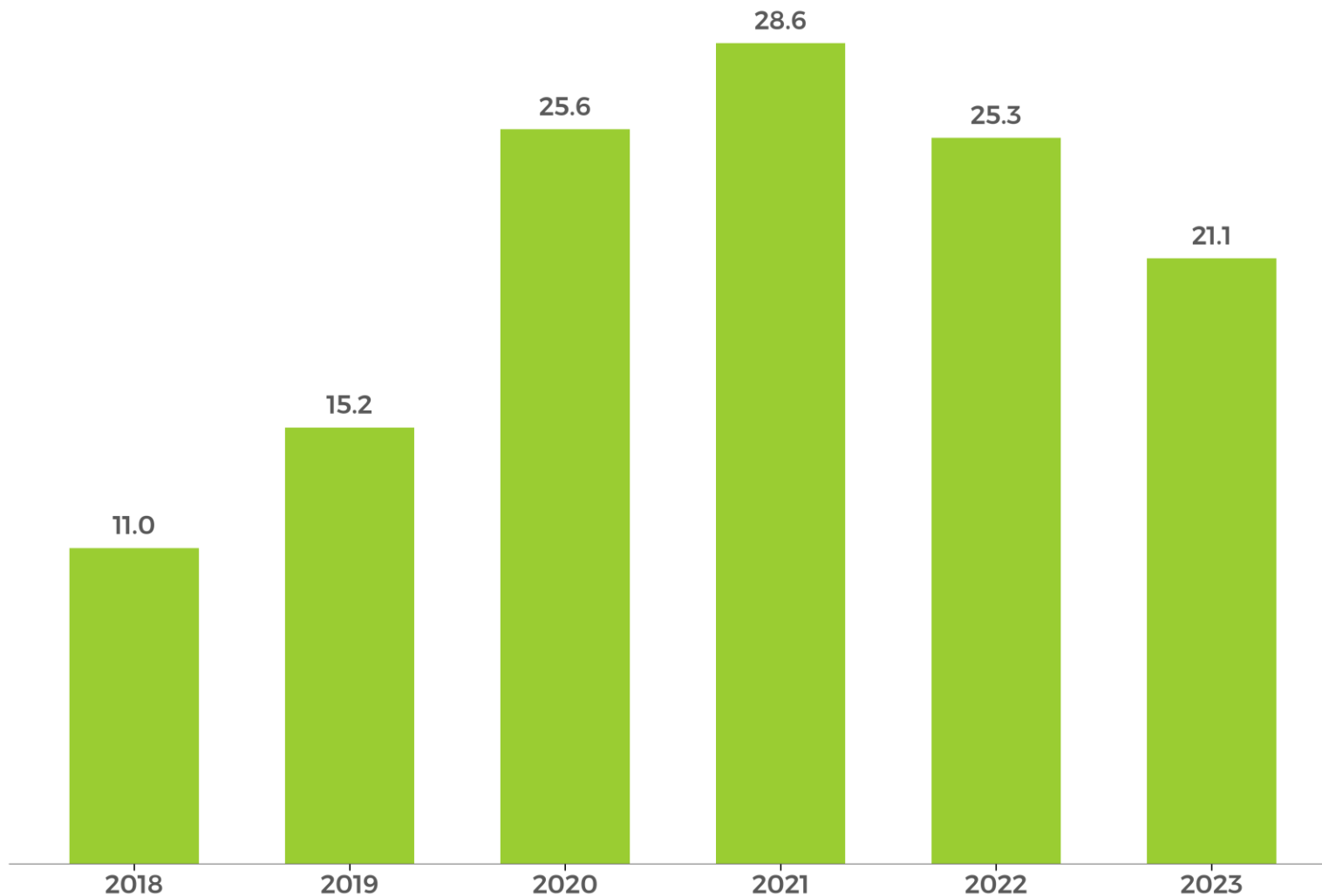
3.3.2. Accumulated totals for the current month (quantity and value)*	2018		2019		2020		2021		2022		2023	
	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi	qty	R\$ bi
INSTRUMENT												
Equities	26	40.1	5	11.2	42	90.2	53	118.6	71	130.7	18	57.4
Corporate Bonds	264	88.2	351	149.2	379	185.7	276	121.2	502	251.0	475	269.6
Bank Bonds	8	3.0	14	6.0	21	10.0	2	1.0	-	-	-	-
Commercial Paper	101	27.3	84	29.0	94	36.6	71	21.9	82	27.0	144	48.4
MBS	104	7.7	101	8.2	188	17.6	230	14.3	427	33.8	412	47.8
Agribusiness ABS	67	12.4	52	6.1	69	14.3	56	13.3	125	25.0	212	43.7
CDOs	141	16.6	196	21.2	269	37.9	304	48.6	687	88.7	454	40.2
REITs	75	8.2	106	17.7	198	42.4	262	49.2	388	62.6	255	36.5
Private Equity	147	23.8	204	38.4	187	41.4	275	56.3	586	118.4	217	30.3
TOTAL	933	227.3	1.113	287.0	1.447	476.1	1.529	444.4	2.868	737.2	2.187	573.9

Source: CVM

4. Secondary markets

4.1. Spot

4.1.1. Average daily volume (R\$ bi) – equities (round lot)

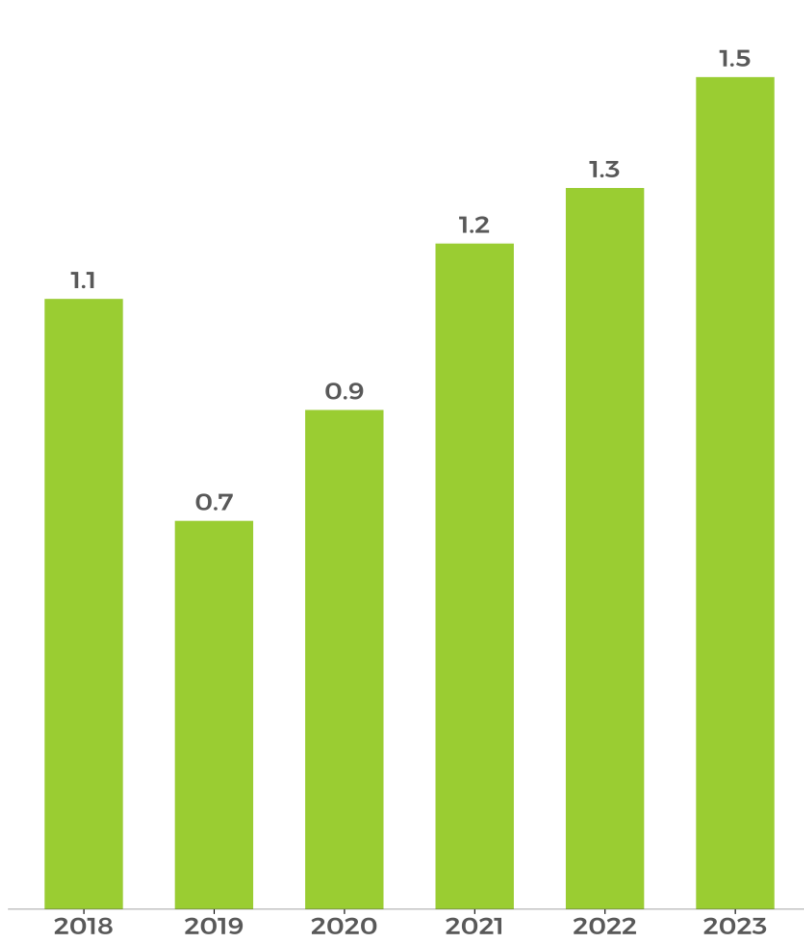


Source: B3

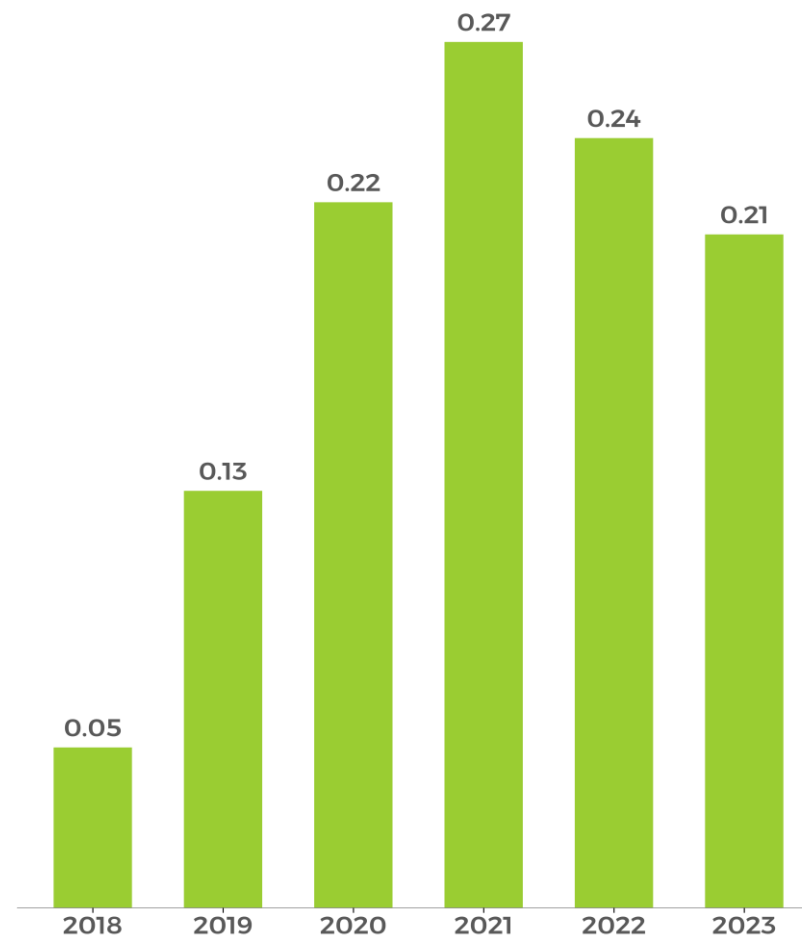
4. Secondary markets

4.1. Spot

4.1.2. Average daily volume (R\$ bi) – corporate bonds



4.1.3. Average daily volume (R\$ bi) - REITs



4. Secondary markets

4.2. Derivatives

4.2.1. Derivatives – millions of contracts settled on exchanges (annual total)

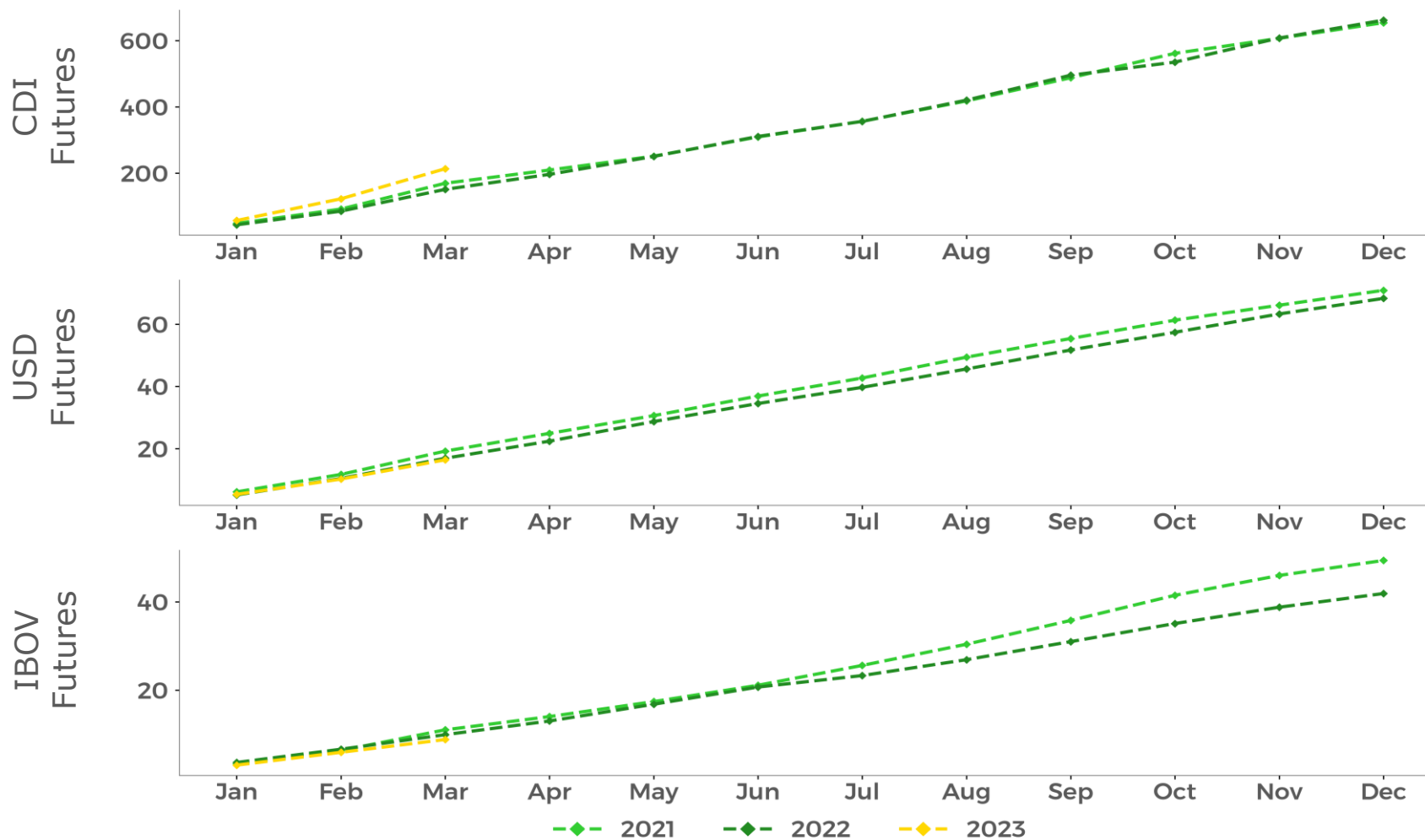
INSTRUMENT	2018	2019	2020	2021	2022	2023
CDI Futures	370.8	475.9	516.7	653.9	661.7	213.3
USD Futures	91.7	94.6	80.2	70.9	68.2	16.4
Ibovespa Futures	23.8	36.1	41.9	49.1	41.9	8.8
TOTAL	486.3	606.6	638.8	773.9	771.8	486.3

Source: Organized Market Administrators

4. Secondary markets

4.2. Derivatives

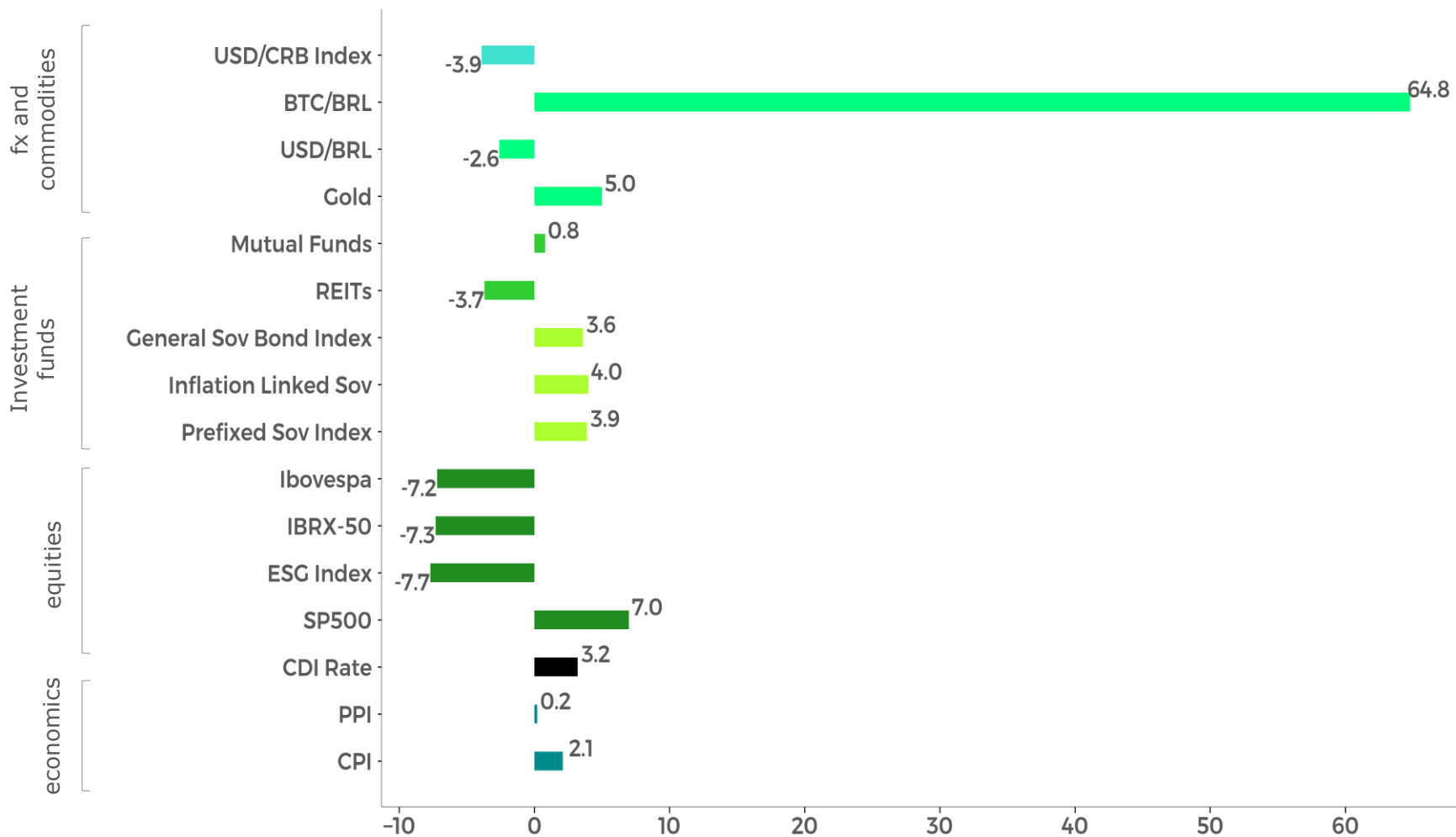
4.2.2. Derivatives – millions of contracts settled on exchanges (accumulated)



Source: Organized Market Administrators

5. Asset returns

5.1. YTD % asset returns



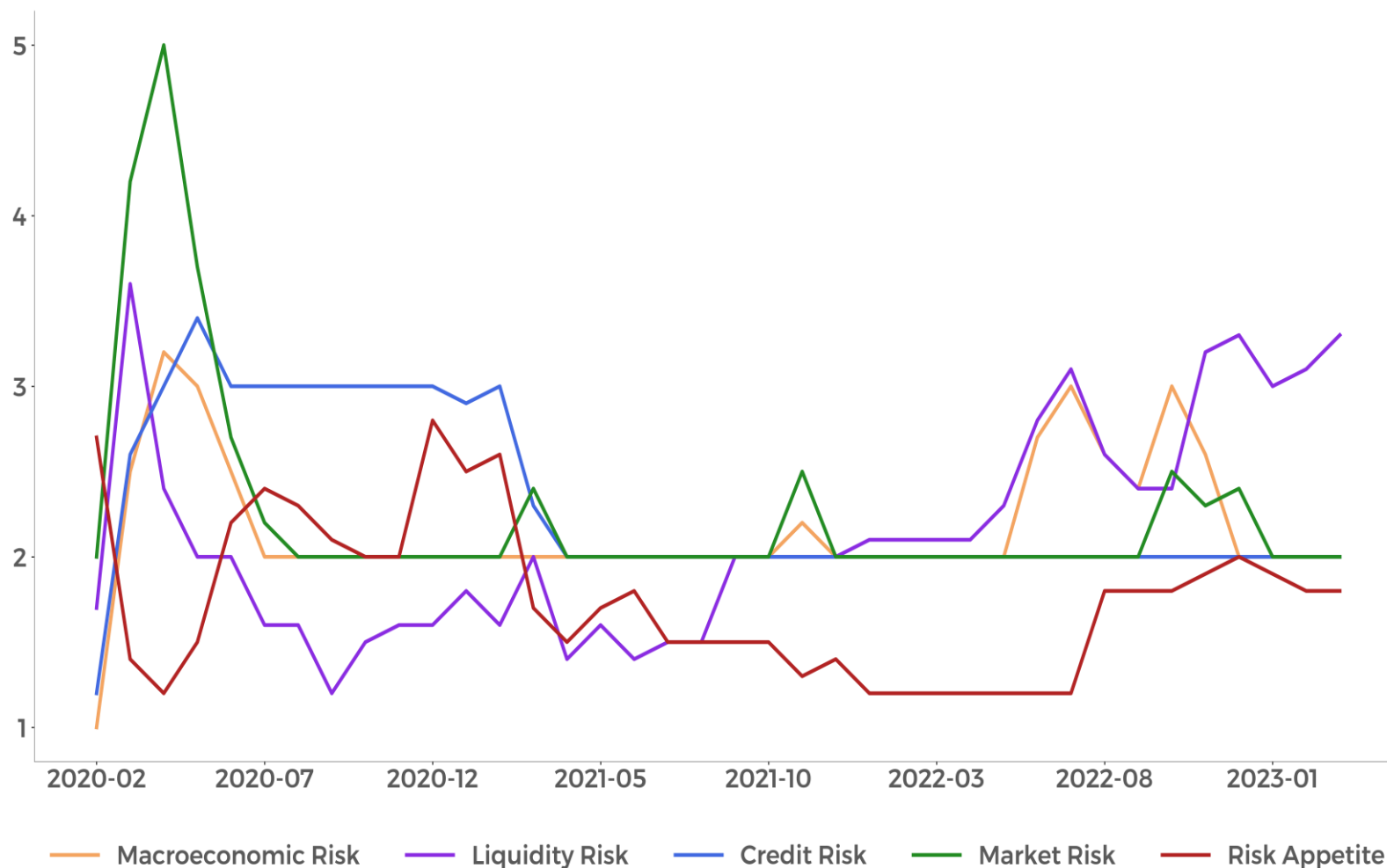
Source: Economatica, Bloomberg

The background is a dark teal color with faint, semi-transparent charts and data points. On the left, there are several diamond-shaped outlines. In the upper right, there is a bar chart with values 110, 90, 87, 88, and 91. In the lower right, there is a pie chart with a segment labeled 19%.

RISK SCENARIO


6. Risk map

6.1. Risk map – last 36 months



Calculated by CVM according to Methodology

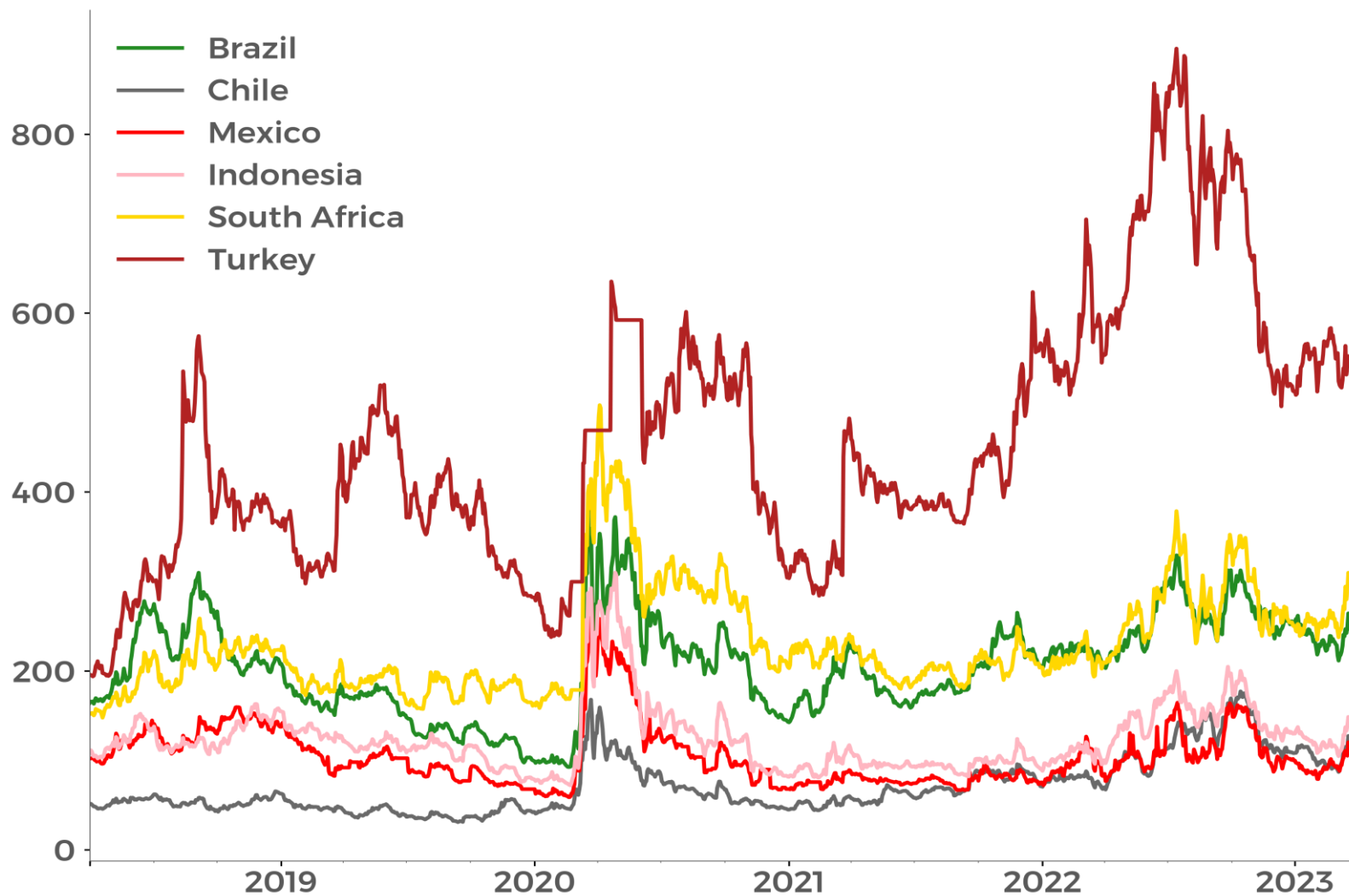
6. Risk map - Highlights

	MACRO	MARKET	LIQUIDITY	RISK APPETITE	CREDIT
2023-Q1	2.0	 2.0	3.3	 1.8	2.0
2022-Q4	2.0	2.4	3.3	2.0	2.0

- In the context of the first quarter, marked by a generalized decrease in the ex-post volatility indicator of global and national fixed income and equity markets (8.2, 8.4, 8.6 and 8.8), along with positive returns in the global fixed income market (8.3) and stable returns in the global equity market (8.1), this scenario can be correlated with expectations of a pause or a reversal trend in the upward movement of international interest rate curves, a decrease in the market risk indicator and risk appetite was identified.
- It is important to note that in January there was a relevant credit event in the national market, associated with a large retailer. The credit risk indicator (11.1) maintained the upward trend post pandemic, but without necessarily being associated with the specific event – the indicator even fell around the epicenter of the event. The same can be said about the liquidity risk indicator (10.1).
- Finally, it is worth detailing the behavior of the risk appetite indicator. The main factor behind its decrease was its component of national sovereign spread in dollars (9.2), whose behavior was distinct from other corporative emerging markets, which are close to the historical maximum.

7. Macroeconomic risk

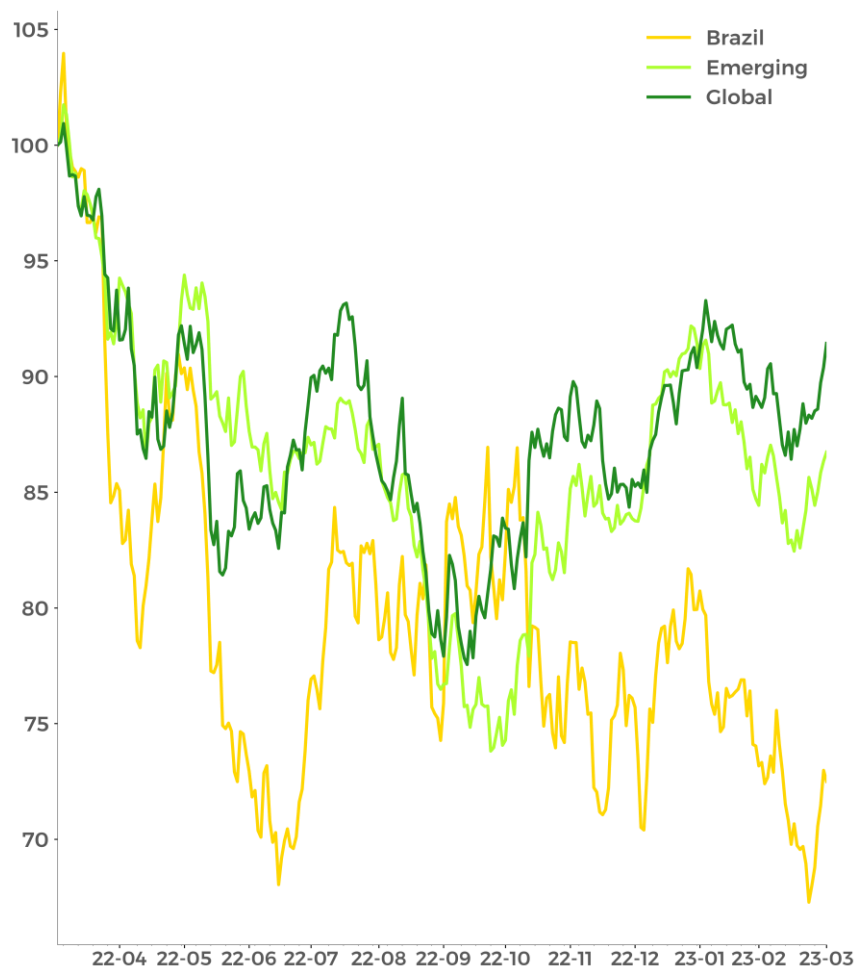
7.1. Sovereign CDS – emerging economies (basis points)



Source: Bloomberg

8. Market risk

8.1. MSCI equity indexes – last 12 months return



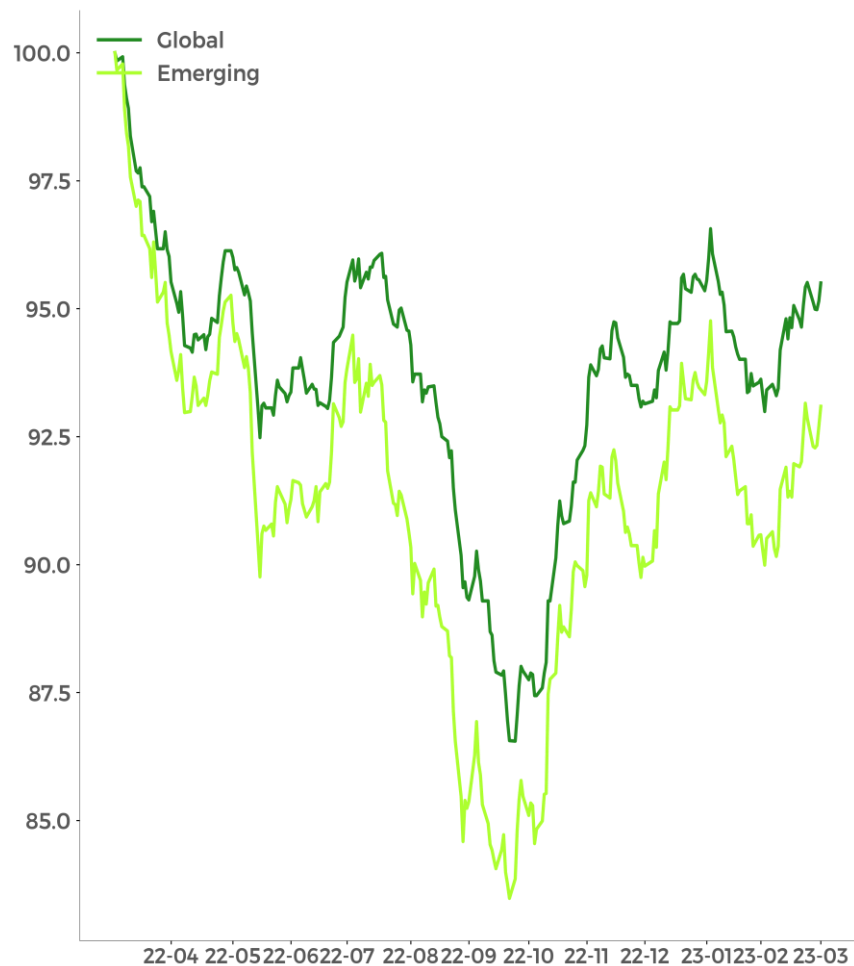
8.2. MSCI equity indexes – volatility



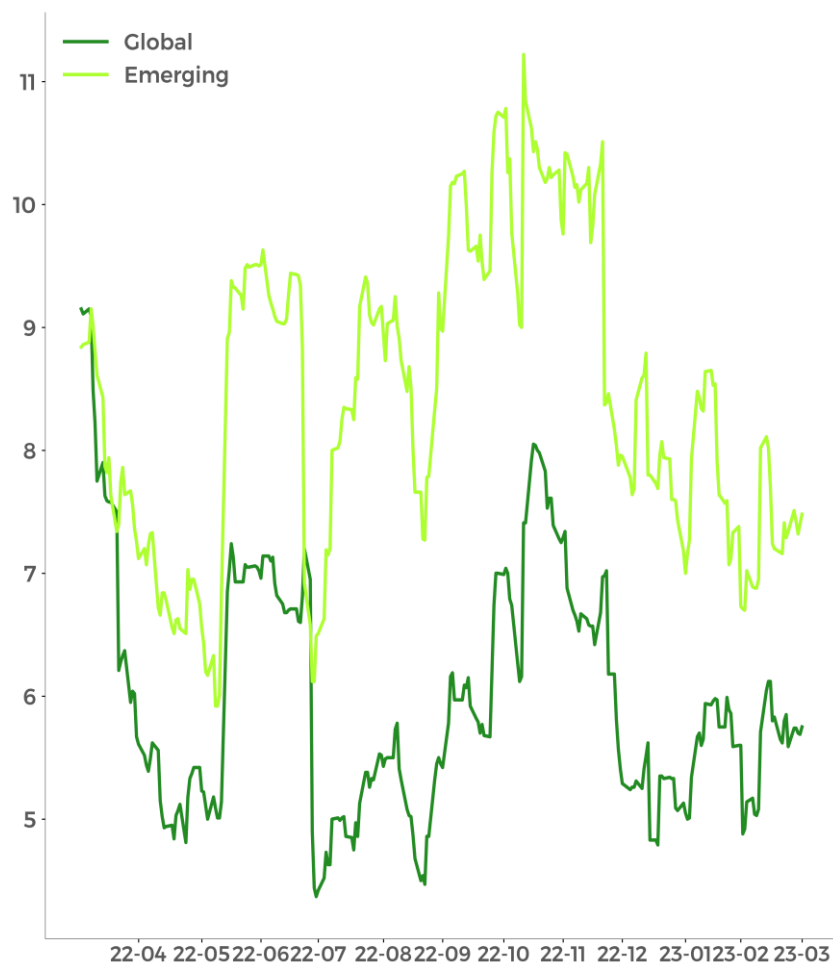
Source: Bloomberg

8. Market risk

8.3. Corporate bond indexes – last 12 months return

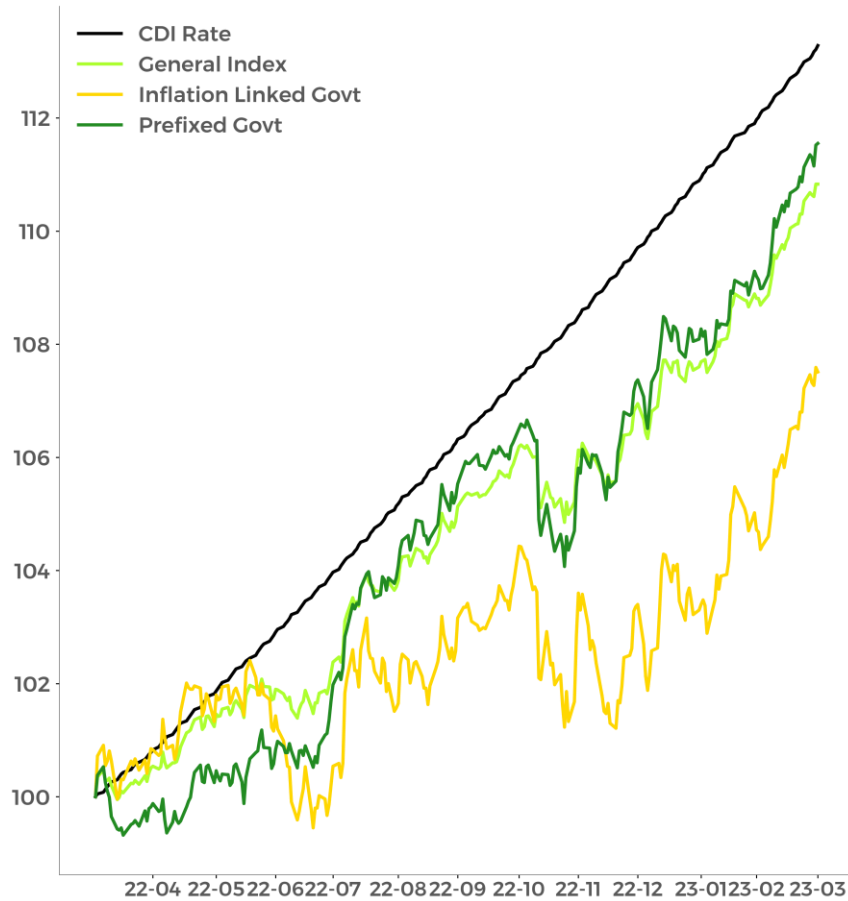


8.4. Corporate bond indexes – volatility

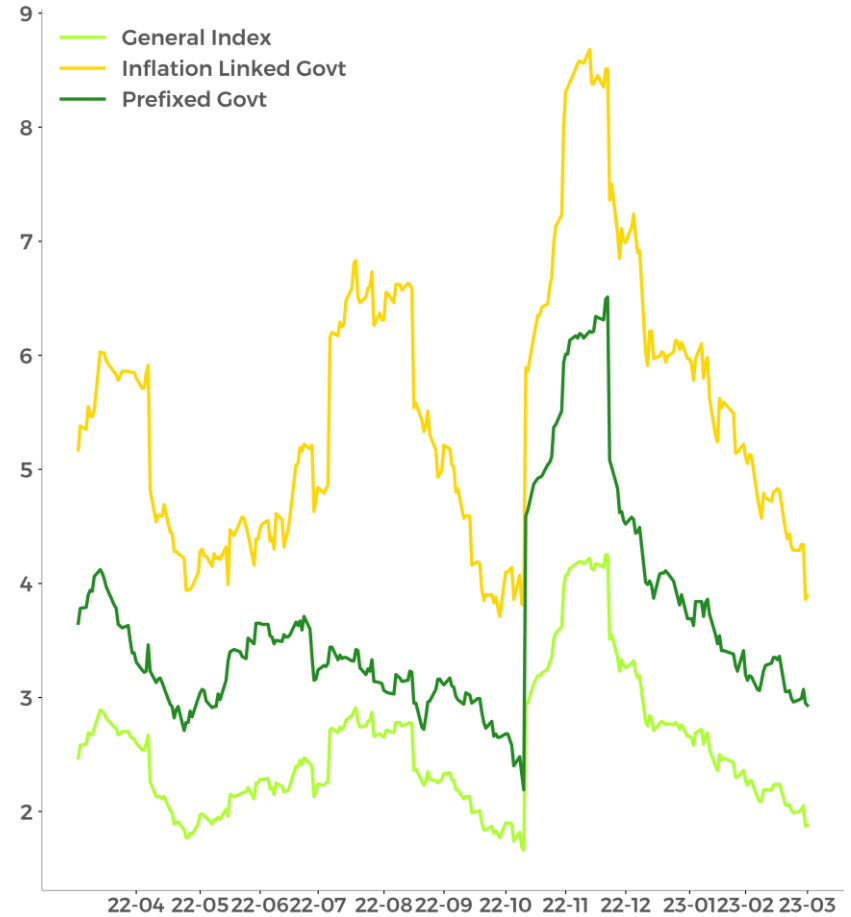


8. Market risk

8.5. National fixed income indexes – last 12 months return

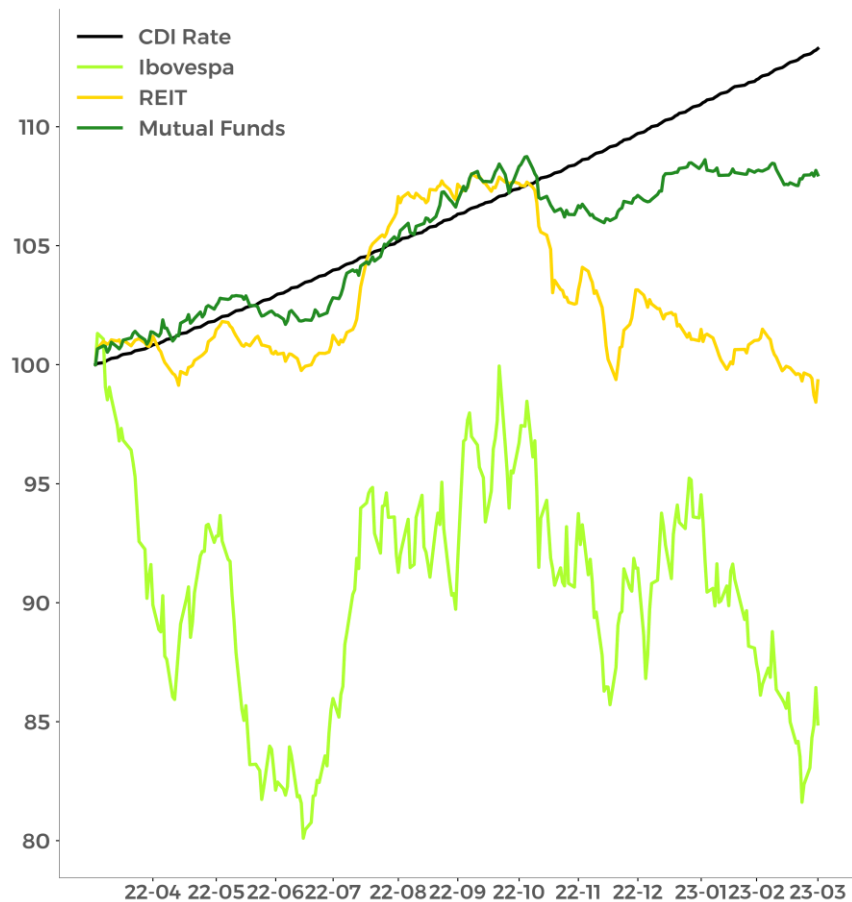


8.6. National fixed income indexes – volatility

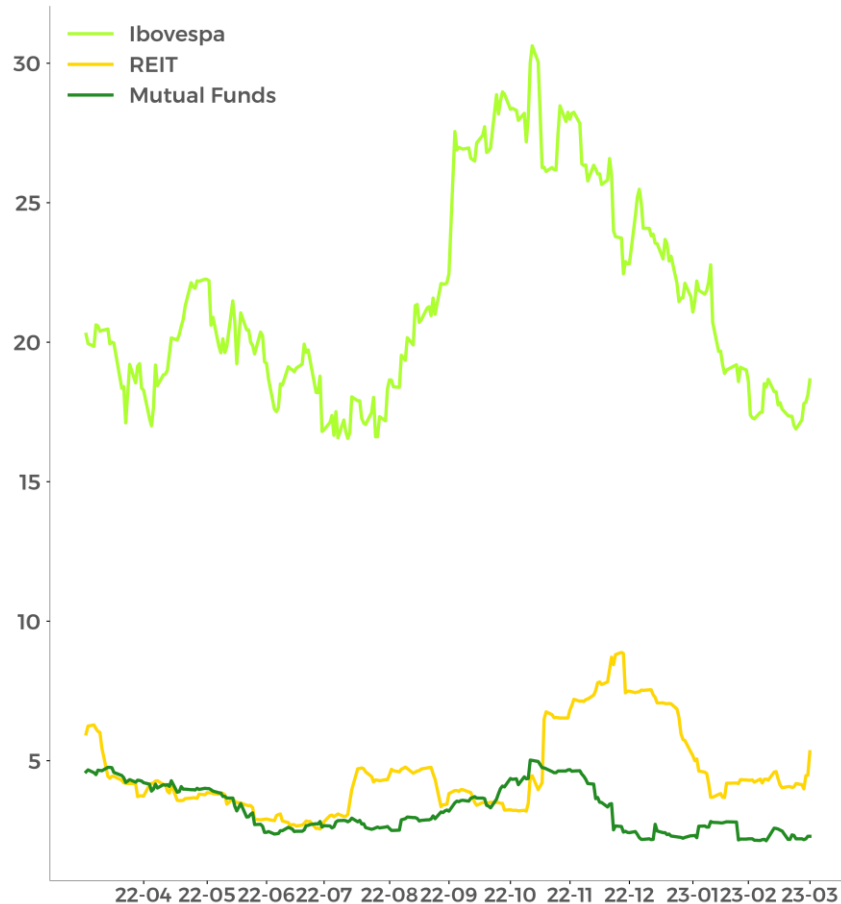


8. Market risk

8.7. National variable income indexes – last 12 months return

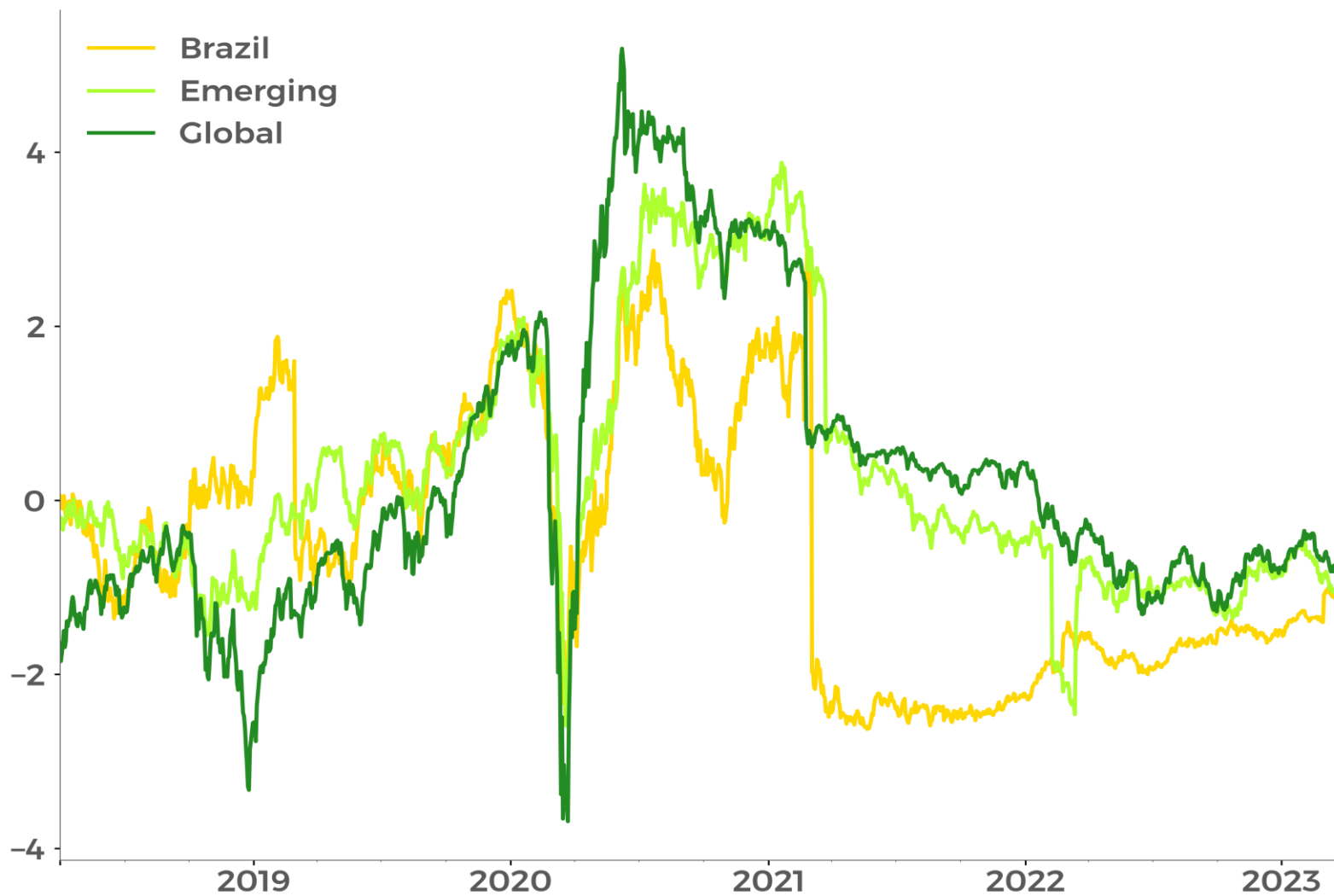


8.8. National variable income indexes – volatility



9. Risk appetite

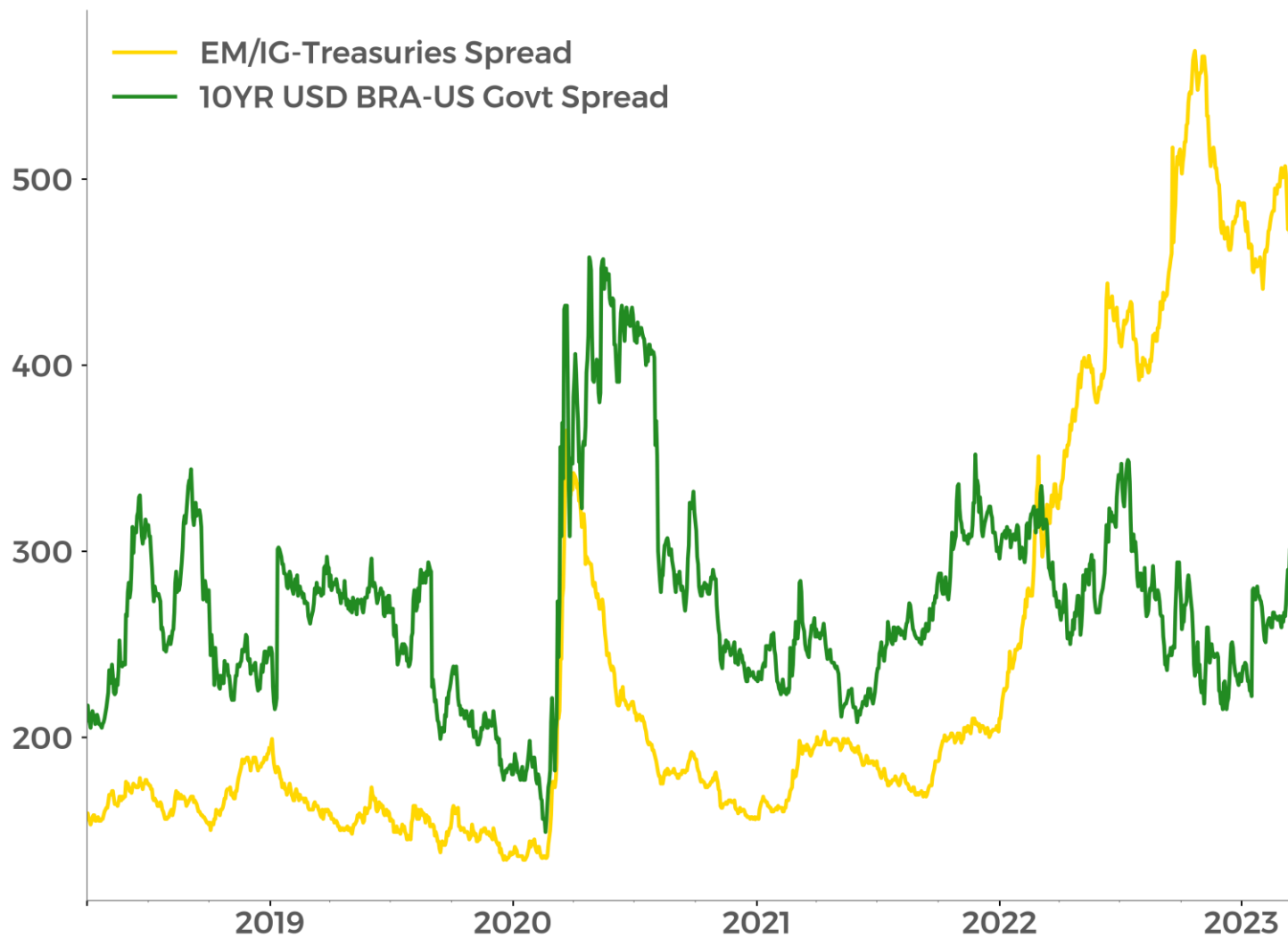
9.1. Adjusted estimated forward PE ratio (Z-Score) – MSCI equity indexes



Source: Bloomberg

9. Risk appetite

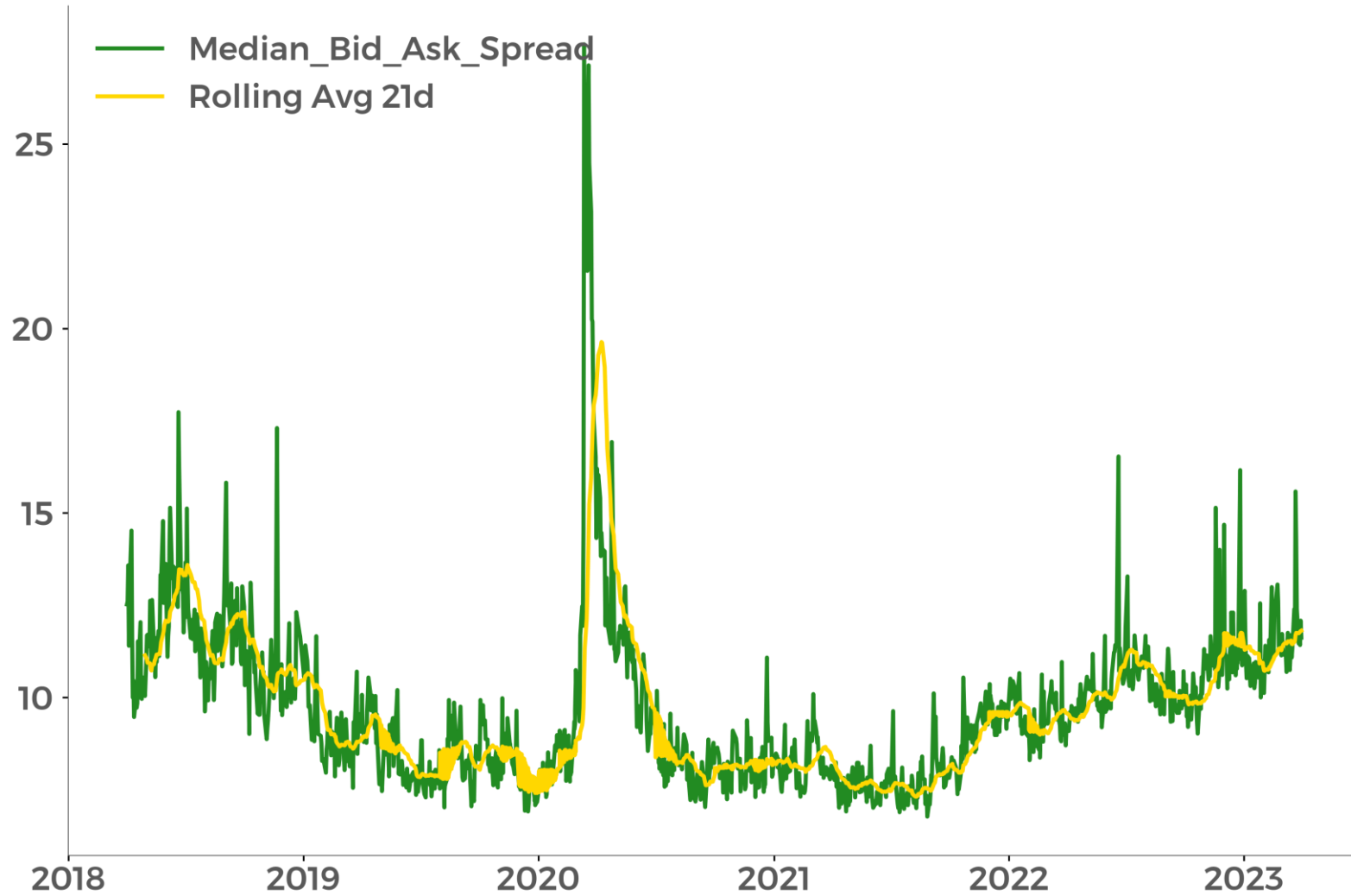
9.2. Spreads vs US treasuries (basis points)



Source: Bloomberg

10. Liquidity risk

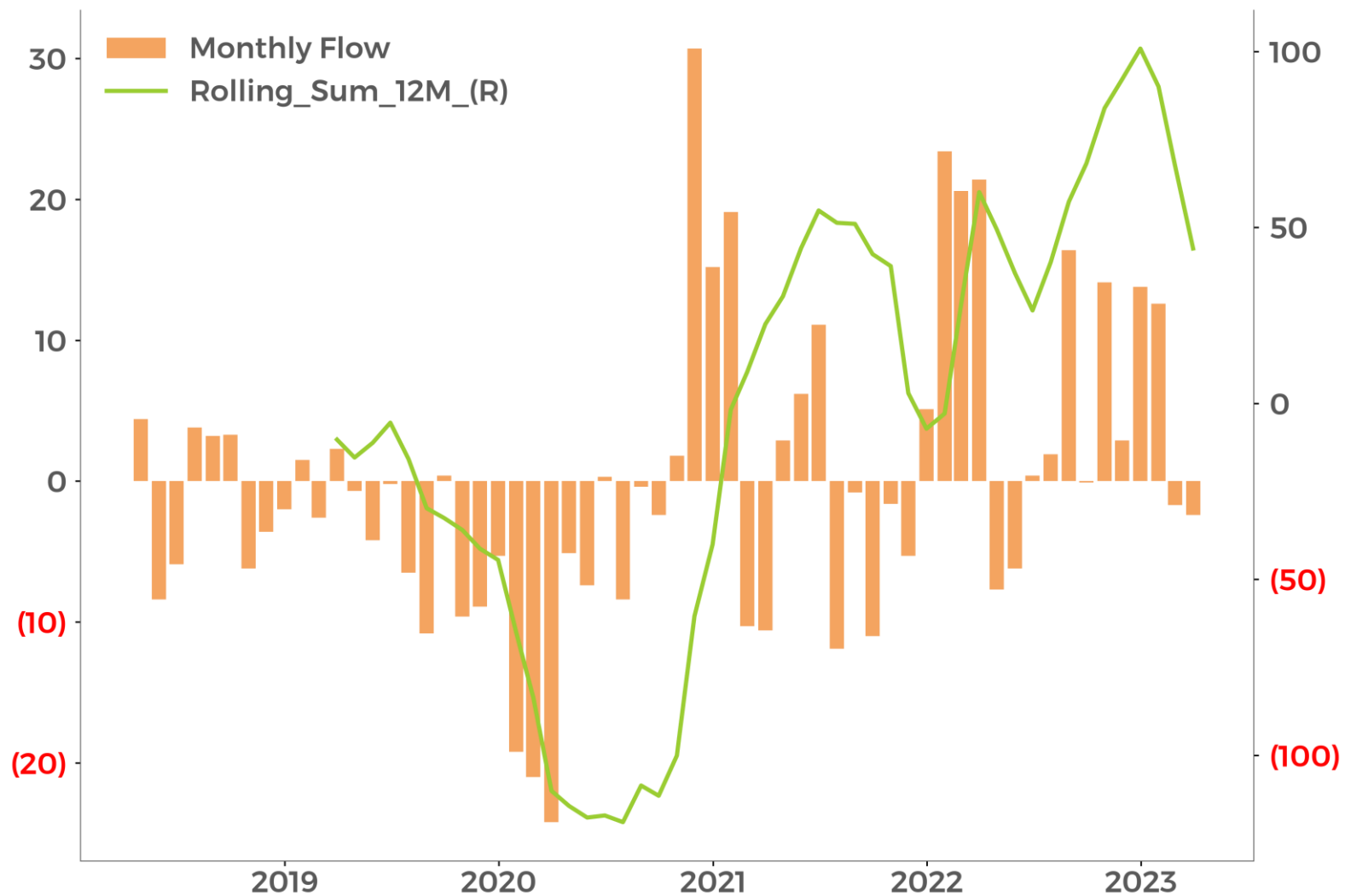
10.1. Bid-Ask spread index – equities (basis points)



Source: Bloomberg

10. Liquidity risk

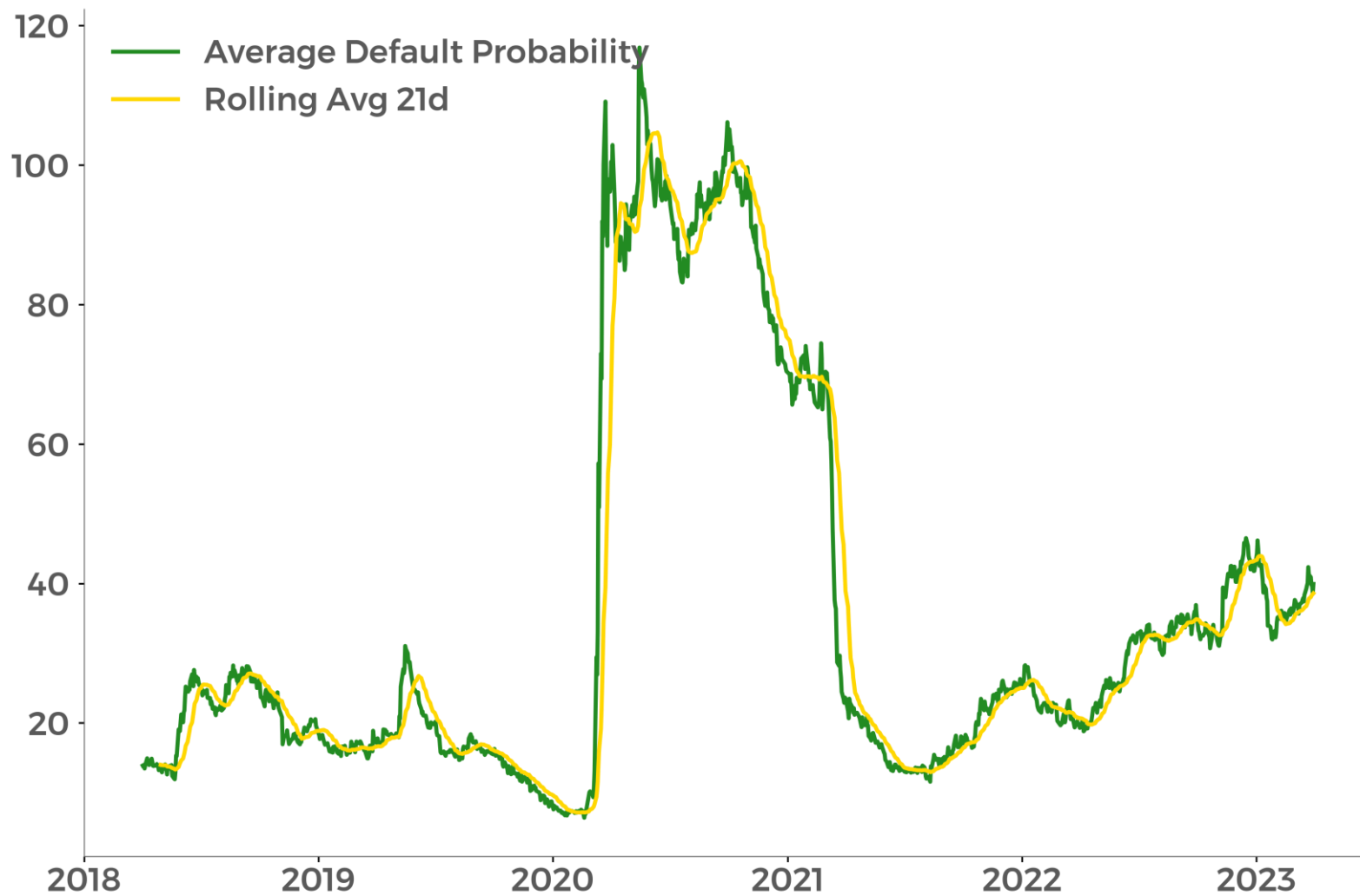
10.2. Net foreign investor inflows on secondary equity markets (US\$ bi)



Source: Bloomberg

11. Credit risk

11.1. Default probability index – equities (basis points)



Source: Bloomberg

Methodology

Risk map

Macro risk: simple monthly average of the daily Z-score (2500 day rolling window) of the 5YR Brazilian sovereign CDS (graph 1.3). Z-score Intervals and corresponding Risk Scale: above 2sd => 5; between 1,5 e 2sd => 4; between 0,5 e 1,5sd => 3; between -1 e 0,5sd=> 2; below -1sd => 1.

Market risk: arithmetic average of two composites, respectively the arithmetic monthly average of the daily Z-score (1250 day rolling window) of the 30 day realized annualized volatility of the MSCI Brasil Index (equities, see below) and the Anbima IMA-G Index (fixed income, see below). Z-score Intervals and corresponding Risk Scale: above 2sd => 5; between 1,5 e 2sd => 4; between 0,5 e 1,5sd => 3; between -1 e 0,5sd=> 2; below -1sd => 1.

Liquidity risk: simple monthly average of the daily Z-score (1250 day rolling window) of the Bid-Ask Spread Index (see below) . Z-score Intervals and corresponding Risk Scale: above 2sd => 5; between 1,5 e 2sd => 4; between 0,5 e 1,5sd => 3; between -1 e 0,5sd=> 2; below -1sd => 1.

Risk appetite: weighted average of three composites: first, the arithmetic average of the Adjusted Estimated PE Ratio, with a 0.5 weight; second, the arithmetic monthly average of the daily Z-score (1250 day rolling window) of the other two series that compose the Risk Appetite section (see below), each series with a weight equal to 0.25. Z-score Intervals and corresponding Risk Scale for the Adjusted Estimated PE Ratio: above 2sd => 5 between 1,5 e 2sd => 4; Between 0,5 and 1,5sd => 3; Between -1 and 0,5sd => 2; Below -1sd => 1. Z-score Intervals and corresponding Risk Scale for remaining series: below -2sd => 5; between -1,5 e -0,5sd => 4; between -0,5 e 1sd => 3; between 1 e 2sd => 2; above 2sd => 1.

Credit risk: simple monthly average of the daily Z-score (1250 day rolling window) of the Weighted Average Default Probability Index (see below). Z-score Intervals and corresponding Risk Scale: above 2sd => 5; between 1,5 and 2sd => 4; between 0,5 and 1,5sd => 3; between -1 e 0,5sd=> 2; below -1sd => 1.

Macro risk

Sovereign CDS Spreads: The graphs depict the daily trend of the closing price (in b.p.) of the 5YR sovereign CDS spreads of some emerging markets usually considered peers to Brazil.

Methodology

Market indexes

MSCI equity indexes: the MSCI World Index (denominated in this report as "Global") reflects the performance of the equity markets of several global markets. The MSCI Emerging Markets Index (denominated in this report as "Emerging") reflects the performance of the equity markets of several emerging markets. The MSCI Indexes also reflect single markets, such as the case of the MSCI Brazil Index.

Corporate bond indexes: indexes developed by Barclays/Bloomberg to measure the performance of investment grade bonds, converted to USD when appropriate. The BEHGTRUU Index (denominated in this report as "Emerging") refers to bonds in emerging markets, while the LGCPTRUU Index (denominated in this report as "Global") does the same for the global markets. In Bloomberg methodology, the bonds are weighted by market value, unhedged.

Índices de Referência: IRF-M = index composed by a basket of sovereign fixed-rate bonds (LTN and NTN-F). IMA-B = fixed income index that depicts the trend, at market prices, of a basket of retail price inflation-linked sovereign bonds (called NTN-B). IHFA = index for the mutual fund industry in Brazil, whose value reflects, in local currency, the performance of a hypothetical portfolio of mutual funds selected according to a methodology developed by ANBIMA. IFIX = main index for the Brazilian REIT industry. IMA-G = weighted average of the daily returns of IMA-B, IMA-C (wholesale price inflation linked sovereign bond index), IMA-S (floating rate sovereign bonds index) e IRF-M indexes. CDI = index for the main bank overnight rate in Brazil, widely used as benchmark.

Volatility: dispersion measure for the realized returns of an index or of a security. The 30 day realized volatility refers to the annualized standard deviation of the closing price returns in the last 30 trading days, expressed in percentage terms.

Liquidity indexes

Bid-Ask Spread: difference of bid and ask prices of a security divided by its midprice, frequently used as a gauge for market liquidity. The lower this ratio, the more liquid the security tends to be. The graph refers to the daily trend of the median spread calculated based on a sample comprised by half of the Ibovespa Index members with the lowest turnover volume for a given month.

Net foreign inflows on equities: Monthly foreign investor net inflows in the B3 secondary market for equities and equities derivatives.

Methodology

Risk appetite

Adjusted estimated forward PE ratio: ratio between the current price of an index or security and its estimated positive earnings for the following accumulated 12 months, according to the consensus of market analysts, excluding companies with negative EPS projections. The PE ratio can be understood as the payback time estimated to recover through its profits the capital investment in a given company. A high PE ratio indicates that the security might be overvalued relative to its recent profit potential. Inversely, a low PE ratio points that the security might be undervalued relative to its profit potential. In this report, the country/region analysis is done using the daily ratio for the corresponding MSCI Indexes as a reference. The calculated indicators refer to the Z-score (1250 trading day rolling window) of such ratios.

EM_IG vs US Treasuries: spread between a USD investment grade mixed corporate/sovereign bond index for emerging markets and the a US treasuries index, expressed as an annual percentage yield. Calculations use the BEHGTRUU Index and the BUSY Index, both available through Bloomberg.

USD Sovereign Brazil vs US Treasuries: difference between the yields of a generic 10YR USD-denominated sovereign Brazilian bond and an analogous treasury, both calculated by Bloomberg.

Credit risk

Default probability index: grasps the average default probability of non-holding non-financial corporates traded in the B3 exchange. Its calculation proceeds as follows: for each trading day and for the whole available sample of eligible companies in that day, the weighted average (by market cap) of the 1YR default probabilities is calculated ("BB_1YR_DEFAULT_PROB"), as made available by Bloomberg.

Methodology

Primary Markets

“Old” Regulatory Framework: includes offerings made under the old CVM rules, filed before 02/01/2023, established by ICVM nº 400/03 (and its exemptions) and 476/09, updated by subsequent rules. Here, the accounting occurs based on the date of register granting (or exemption), in the case of “rule 400”, or in the ending date, in the case of the “rule 476”, always using **the total amount raised**, as announced by the issuer in filings sent to CVM. Such accounting practice implies in retroactive changes related to “Rule 476”, due to the delayed flow of filings sent by the issuers reporting the end of fundraising efforts. The data does not include all types of registration exemptions, neither all securities offered, only those considered most representative.

“New” Regulatory Framework: corresponds to offerings under the Rule CVM nº160/22 rule, in force as of 02/01/2023. Those offers are divided in ordinary (with previous analysis by the CVM) and automatic (without previous analysis by the CVM). Unlike the older framework, the accounting of the values occurs here based on the date of the register granting, using **the pretended value of issuance**, as announced by the issuer in the filings sent to CVM. The offer might not reach the total pretended amount, but such information will be sent by issuer to CVM later only. The data does not include all securities offered, only those considered most representative.

“Crowdfunding” Framework: corresponds to offerings made in base on the Rule CVM nº88/22, former ICVM 588/17. There were no changes in this framework despite the rule update.