

Brazil Starts Swap of Foreign Debt Titles

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Brazil's National Treasury begins an international operation today involving the exchange of titles of the foreign debt (C-Bonds), in order to improve the profile of future payments.

This means that the titles, which are due in 2014, will be exchanged for titles with later expiration dates, to extend the payments period.

US\$ 7.4 billion in C-Bonds (Capitalization Bonds) were issued in 1994, with an expiration date in April, 2014.

Provision was made for biannual redemptions, beginning in 2004. There are still US\$ 5.6 billion in C-Bonds on the market.

According to information recently disclosed by the secretary of the Treasury, Joaquim Levy, the reason for the exchange is that market conditions are favorable.

Especially since last month, when Brazil completed its program of foreign exchange acquisitions for the year, and the market quotation of the country's major foreign debt title exceeded 100% of its par value.

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