

BOX: NEW RETAIL INSTRUMENT *CTPM*

On 31 October 2013 (World Savings Day), IGCP launched a new debt instrument called Treasury Certificates Savings Plus (*CTPM*) to promote the medium-term savings of households. With this new product, private investors are now able to benefit from a higher return, bringing it closer to the profitability of public debt instruments traded in the wholesale market. The supply of Savings Certificates (*CA*) – instrument with guaranteed liquidity and risk-free interest rate – was thus complemented by this new instrument designed for investors with less need for liquidity, promoting the widening of the domestic investor base, essential to effectively ensure the State’s financing needs.

CTPM are issued with a 5-year term and a guaranteed fixed rate on the subscription date. The gross remuneration rates fixed for subscriptions made as from 31 October 2013 and guaranteed until their amortisation are as follows:

1st year	2nd year	3rd year	4th year	5th year
2.75%	3.75%	4.75%	5.00%	5.00%

In the 4th and 5th year, a premium equal to 80% of the average real GDP growth, if positive⁶, will be added to this rate. Note that, unlike *CA*, the *CTPM* bear interest annually, there is no capitalisation of interest, and they may only be redeemed within one year of the subscription date. On the redemption date, the full amount invested is guaranteed.

The launch of this new product, along with the adoption of exceptional remuneration conditions in *CA* already introduced in September 2012, contributed to reverse the downward trend of the stock of retail instruments observed since 2008. Indeed, in 2013, the outstanding of *CA* and *CT* increased by EUR 1,072 million, which translated into an increase in the importance of this instrument in the stock of total debt of 0.3 percentage points (from 5.7 to 6.0%).

Table 10 – Stock of retail instruments in the State’s direct debt

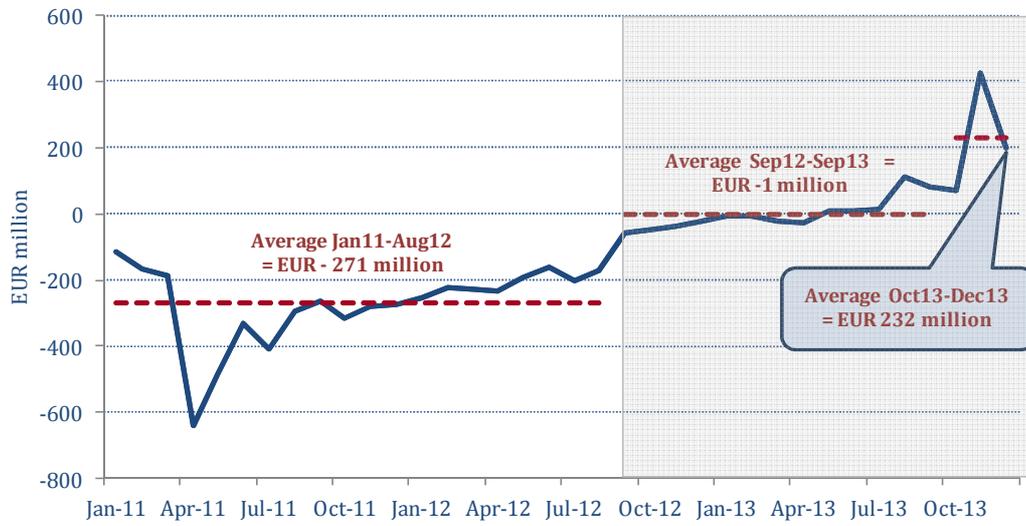
(EUR milion)	Dez-07	Dez-08	Dez-09	Dez-10	Dez-11	Dez-12	Dez-13
CA	18.049	17.197	16.869	15.469	11.384	9.669	10.132
CT				684	1.308	1.416	1.378
CTPM							648
Total CA+CT+CTPM	18.049	17.197	16.869	16.153	12.692	11.085	12.158
Direct government debt	112.804	118.463	132.747	151.775	174.895	194.466	204.252
% CA+CT	16,0	14,5	12,7	10,6	7,3	5,7	6,0

Source: IGCP

This development reflected the acceleration of *CA* subscriptions and new *CTPM* subscriptions in the fourth quarter, as well as a slowdown in redemptions of *CA* and *CT*, with net subscriptions of retail instruments assuming an average value of EUR 232 million in the last quarter of the year.

⁶ Detailed information on the methodology for calculating the premium, as well as other specific features of the product, are available on IGCP’s site

Graph 17 – Monthly net issuance of CA and CT



Source: IGCP