BOX 2.2: THE NEW *POUPANÇA CRESCIMENTO* SAVINGS CERTIFICATES (*CTPC*)

In October 2017, *IGCP* launched a new public debt instrument called *Poupança Crescimento* Treasury Certificate (*CTPC*), aimed at promoting the medium-term households savings. The launch of this new product was intended to alleviate the misalignment between the remuneration offered by the *Poupança Mais* Treasury Certificates (*CTPM*) and alternative forms of market financing for similar maturities. This new savings product extended the final maturity in relation to the *CTPM* to a 7-year maturity and also the application of the premium indexed to real GDP growth to every year from the 2nd year. These changes allowed the reduction of the rates in the shorter periods, still maintaining a competitive final remuneration that is more aligned with the cost of financing of *OT*.

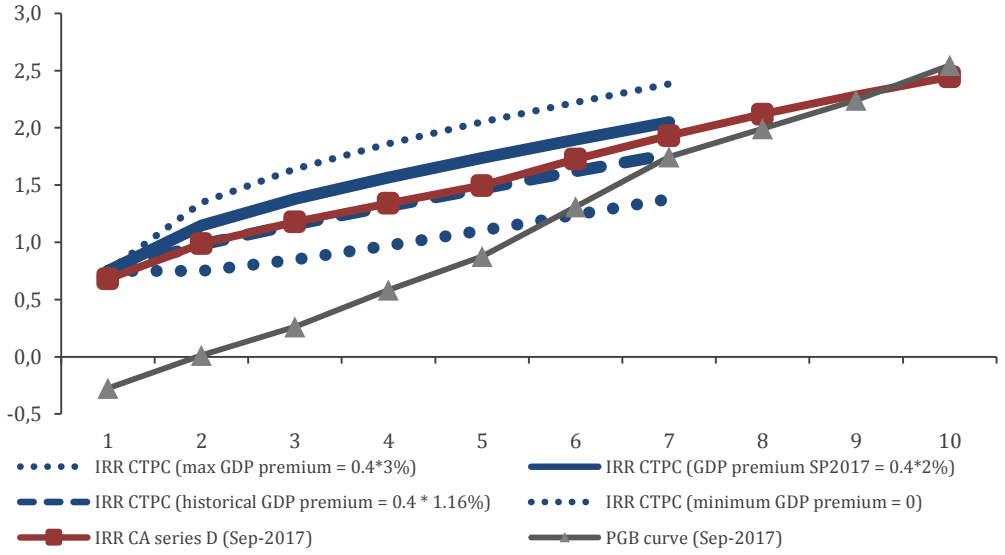
The *CTPC* are issued with a 7-year maturity and a fixed rate guaranteed on the subscription date. The gross remuneration rates established for subscriptions made as from 30 October 2017 and guaranteed until maturity are as follows:

Years	1	2	3	4	5	6	7
CTPC base interest rate	0.75	0.75	1.05	1.35	1.65	1.95	2.25

A premium corresponding to 40% of the average real GDP growth (if positive) will be added as of the second year. Just like the *CTPM*, but unlike the *CA*, the *CTPC* earn interest annually, there is no capitalisation of interest, and they can only be redeemed one year after the subscription date. The total capital invested is guaranteed on the reimbursement date.

In the short tenors, *CTPC* continue to offer a relatively high premium in relation to the *OT* curve, which is justified taking into account the need to maintain the attractiveness of savings products. For longer maturities, the remuneration will depend on the performance of the economy. In an extreme scenario in which the economy does not grow in the subsequent 6 years, the remuneration of *CTPC* is close to the *OT* curve, even offering a lower remuneration in the last 2 years. In more plausible scenarios (with growth between the historical average of 1.16% since 1996 and a maximum of 3%), the remuneration profile of *CTPC* will always remain above the *OT* curve, but more aligned with the remuneration of *CA* than the previous *CTPM*.

Graph 10 – IRR of *CTPC* compared with the IRR of *CA* and *OT* rates in September 2017



Source: Bloomberg and calculations by *IGCP*.